

EXHIBIT D



PRESENTATION TO:

**U.S. Department of Justice and
U.S. Securities & Exchange Commission**
Nikola Phase I Investigation Report

November 12, 2020 | Asheesh Goel and Zachary Brez

- ▶ Nikola Corporation (“Nikola” or the “Company”) requests that the contents of this presentation be accorded confidential treatment and not be disclosed in response to any request under the Freedom of Information Act.
- ▶ By providing this report, Nikola does not intend to waive the attorney client privilege, work product doctrine, or any other privilege applicable as to third parties.
- ▶ Any facts we may relate today are necessarily based on our preliminary understanding at this stage, and may change as we learn more.

Agenda

▶ Executive Summary

- ▶ Assessment of Current State
- ▶ Factual Background of Investigation
- ▶ Investigative Process to Date
- ▶ Review of Hindenburg Allegations
- ▶ Review of Registration Statement
- ▶ Trevor Milton's Character
- ▶ Integrity of Current Leadership
- ▶ Next Steps

Executive Summary

- ▶ Nikola retained Kirkland & Ellis LLP (“Kirkland”) to investigate claims by Hindenburg Research regarding (1) the state of Nikola’s technology, (2) certain statements made by Trevor Milton and the Company, and (3) certain statements identified by Ernst & Young (“EY”) in Nikola’s S-4.
- ▶ **Technology.** Hindenburg’s claims regarding the state of Nikola’s technology are unfounded. Independent industry experts from AlixPartners, LLP (“AlixPartners”) have concluded that Nikola has a defined product and a maturity level consistent with an emerging OEM.
- ▶ **Milton Statements.** Hindenburg is correct in describing a number of statements by Trevor Milton as misleading and/or false.
- ▶ Statements by Milton to other Nikola executives suggest that Milton used social media to appeal to “Robinhood investors” and hype Nikola to potential investors. This is corroborated by the oftentimes exaggerated nature of Milton’s comments.
- ▶ Senior leadership took steps to limit Trevor’s exposure to investors, despite Milton’s controlling interest in Nikola and position within the Company.

Executive Summary

- ▶ **S-4 Statements.** Statements made by Nikola in its S-4 are largely accurate. Management and the Board of Directors appear to have taken their obligations to investors seriously and are dedicated to providing accurate information about the Company.
- ▶ While there is more work to be done, Nikola has resolved its most significant impediments by separating from Milton.

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Assessment of Current State by AlixPartners

- ▶ We retained a team of leading automotive experts at consulting firm AlixPartners to conduct an independent assessment of the current state of technology development at Nikola.
- ▶ Contrary to the Hindenburg Report's conclusion that "Nikola is a Massive Fraud," AlixPartners concluded that:
 - Nikola's maturity level is consistent with that of an emerging OEM.
 - Nikola's technological contributions and development are consistent with other OEMs at similar stages of development.
 - Nikola's workforce is led by technical and engineering leads that have deep industry experience and expertise.

Assessment of Current State by AlixPartners

- ▶ **AlixPartners** conducted a focused assessment of Nikola's technology capabilities with respect to (i) technology development, and (ii) OEM systems integration and industrialization.
 - The AlixPartners team was led by investigation and automotive experts with at least 25 years of experience in OEM operations and electrification. The team's clients include OEMs and suppliers, such as General Motors, Audi, Ferrari, Bosch, and Cooper Tire & Rubber Company.
- ▶ As a part of their review, AlixPartners:
 - Conducted **interviews of 14** Nikola employees and secondees;
 - **Toured** Nikola's facilities in Phoenix, Arizona, including the battery lab and the engineering fabrication lab;
 - **Rode** in the Nikola Two prototype and conducted **walk-arounds** of the Nikola One, Nikola Tre, and Nikola NZT; and
 - **Reviewed key documents** including vehicle technical specifications and requirements; sub-system requirements and design verification plans; supplier quotations and SOWs; and documents related to manufacturing and program project plans.

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Factual Background of Investigation

- ▶ On September 10, 2020, Hindenburg Research LLC (“Hindenburg”) issued a report (the “Hindenburg Report”) alleging that Nikola and its founder and then-Executive Chairman Trevor Milton had engaged in various fraudulent practices.
- ▶ Hindenburg, founded by 36-year-old Nathan Anderson, is a financial research firm that publishes critical reports of publicly traded companies after taking short positions in the companies’ stock.

Factual Background of Investigation

- ▶ The day the Hindenburg Report was released (September 10, 2020), the Board of Directors of Nikola engaged Kirkland to conduct an internal investigation into the facts and circumstances alleged in the Hindenburg Report.
- ▶ The following day (September 11, 2020), Kirkland proactively reported the matter to the staff of the Securities and Exchange Commission (the “SEC” or the “Staff”).

Factual Background of Investigation

- ▶ Three entities have issued subpoenas related to the allegations raised in the Hindenburg Report:
 - The SEC Division of Enforcement, Fort Worth Regional Office;
 - U.S. Attorney's Office for the Southern District of New York ("SDNY"); and
 - N.Y. County District Attorney's Office ("NY DA").
 - ▶ *The NY DA has since stayed its investigation.*
- ▶ Other regulators have contacted the Company:
 - Nasdaq has sent a voluntary information request letter.
 - FINRA has initiated a review of trading in Nikola's common stock surrounding the announcement of the Company's agreement with General Motors.
- ▶ Various civil litigation has been filed against the Company.
 - Five securities complaints (three D. Ariz.; E.D.N.Y.; C.D. Cal);
 - Two derivative complaints (both D. Del.); and
 - Four Delaware Section 220 Books and Records demands.

Key Events


Sept. 10, 2020

Hindenburg Report

Sept. 21, 2020

Bateman allegations re: extortion / misconduct

Sept. 14, 2020

Nikola responds to Hindenburg Report

Sept. 15, 2020

Securities complaint filed (D. Ariz.)

Sept. 15, 2020

Hindenburg responds to Nikola rebuttal

Sept. 16, 2020

Securities complaint filed (E.D.N.Y.)

Sept. 17, 2020

Securities complaint filed (D. Ariz.)

Sept. 23, 2020

Derivative complaint filed (D. Del.)

Sept. 29, 2020

220 Books and
Records demand

Oct. 5, 2020

220 Books and
Records demand

Week 1: 9/10 to 9/16

Week 2: 9/17 to 9/23

Week 3: 9/24 to 9/30

Week 4: 10/1 to 10/7

Investigation Timeline

Sept. 11, 2020

Company self-
reports to SEC

Sept. 17, 2020

NASDAQ contacts
Company

Sept. 14, 2020

SEC issues five subpoenas

Sept. 19, 2020

SDNY grand
jury subpoena

Sept. 28, 2020

FINRA contacts Company

Sept. 21, 2020

- SEC issues three subpoenas
- NY DA issues subpoena

Key Events


Oct. 14, 2020

220 Books and Records demand

Nov. 6, 2020

Phase I presentation to EY

Oct. 16, 2020

- 220 Books and Records demand
- Securities complaint filed (C.D. Cal.)

Nov. 5, 2020

Phase I presentation to Board

Nov. 16, 2020

Securities actions Lead Plaintiff/Counsel motions due

Oct. 19, 2020

Derivative complaint filed (D. Del.)

Nov. 3, 2020

Securities complaint filed (D. Ariz.)

Nov. 12, 2020

Phase I presentation to SEC/SDNY

Week 5: 10/8 to 10/14

Week 6: 10/15 to 10/21

Week 7: 10/22 to 10/28

Week 8: 10/29 to 11/4

Week 9: 11/5 to 11/11

Week 10: 11/12 to 11/18

Investigation Timeline

Oct. 15, 2020

NY DA stays investigation

Nov. 9, 2020

Nikola Files 10-Q

Nov. - Dec. 2020:
 Rolling document productions to SEC/SDNY

Securities Offerings

Offering	Start Date	End Date
Series A	December 2015	December 10, 2016
Series B	February 2017	December 4, 2017
Series C	February 2018	December 13, 2018
Series D	February 2019	March 4, 2020
VectoIQ / SPAC	March 13, 2020	June 30, 2020
Am. No. 1 to S-4	April 15, 2020	N/A
Am. No. 2 to S-4	May 1, 2020	N/A
PIPE	June 3, 2020	N/A

Scope of Investigation

Phase I

- ▶ The accuracy of statements featured in the Hindenburg Report that pertain to Nikola and that Hindenburg alleges are false.
- ▶ The accuracy of twenty-four technology-related statements made in Nikola's SEC registration statements, as identified by the Company's external auditor, EY.

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Investigative Process to Date

Legend



Internal Investigation

Sept. 10, 2020

Hindenburg Report

Sept. 20, 2020

Company revises hold notice, expanding relevant time frame

Sept. 14, 2020

Nikola responds to Hindenburg Report

Sept. 14, 2020

Company issues hold notice to all employees and the Board

Sept. 21, 2020

Bateman allegations re: extortion / misconduct

Sept. 29, 2020

Company makes first rolling document production to SEC/SDNY

Sept. 15, 2020

Hindenburg responds to Nikola rebuttal

Sept. 22-25, 2020

Kirkland conducts 20 scoping interviews of Company employees and secondees

Week 1: 9/10 to 9/16

Week 2: 9/17 to 9/23

Week 3: 9/24 to 9/30

Week 4: 10/1 to 10/7

Investigation Timeline

Sept. 11, 2020

Company self-reports to SEC

Sept. 17, 2020

NASDAQ contacts Company

Sept. 21, 2020

- SEC issues three subpoenas
- NY DA issues subpoena

Sept. 28, 2020

FINRA contacts Company

Sept. 14, 2020

- SEC issues five subpoenas
- EDNY grand jury subpoena to Spira

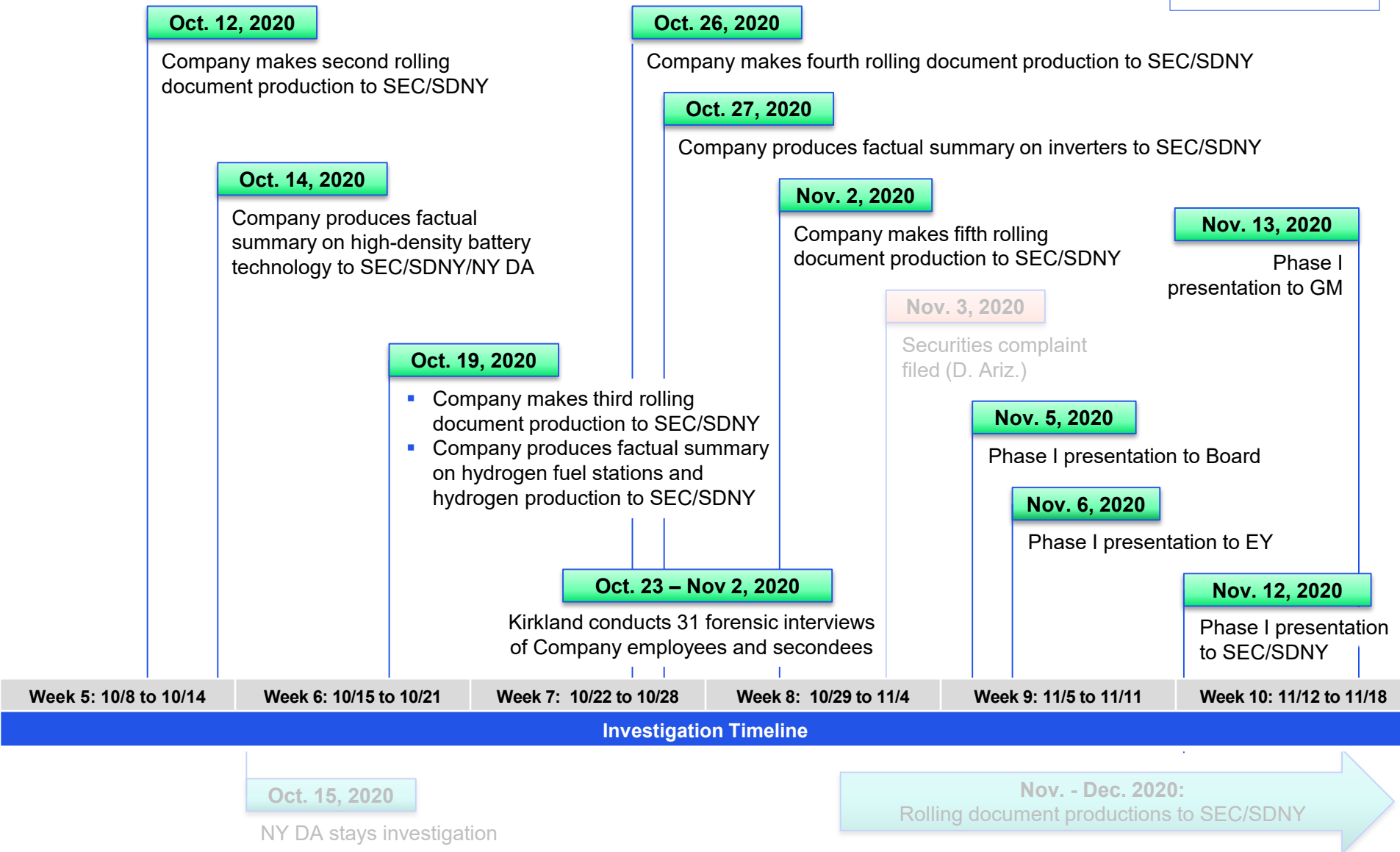
Sept. 19, 2020

SDNY grand jury subpoena

Investigative Process to Date

Legend

 Internal Investigation



Preservation / Collection

- ▶ Kirkland developed an investigative work plan with feedback from the SEC and SDNY.
- ▶ Kirkland engaged Legility and Deloitte to assist with document preservation and collection, and Legalpeople to assist with document review.

Preservation

- ▶ On **Sept. 14**, the Company sent a preservation notice to all employees and the Board.
- ▶ On **Sept. 20**, the Company sent a revised preservation notice to the same recipients, expanding the required timeframe.
- ▶ The Company is preserving data from a number of systems, including GSuite (Gmail, Google Drive, Google Chat, Google Calendar), Slack, and Dropbox, as well as the Company's social media accounts.

Custodial Collection

- ▶ Kirkland engaged Legility to collect email from a total of **35 custodians**.
- ▶ Kirkland engaged Legility and Deloitte to image mobile devices and laptops for certain custodians, including all of those served with SEC subpoenas.

Preservation / Collection

#	Name	Title	GSuite Collected	Mobile Collected	Laptop Collected
1	Christian Appel **	Head of Fuel Cell & Storage Systems	Yes		Yes
2	Umran Ashraf	Global Head, Vehicle Engineering	Yes	Yes	Yes
3	Kim Brady *	Chief Financial Officer	Yes	Yes	Yes
4	Vince Caramella	Global Head, Marketing	Yes		
5	Mike Chaffins	Sr. Director, Supply Chain and Purchasing	Yes		
6	Dane Davis *	Chief Technology Officer	Yes	Yes	Yes
7	Mark Duchesne	Global Head, Manufacturing	Yes	Yes	Yes
8	Tony Epperson	Sr. Manager, FP&A	Yes	Yes	Yes
9	Michael Erickson	President, Powersports	Yes	Yes	Yes
10	Stephanie Fleck	Social Media/Digital Marketing Manager	Yes		
11	Elizabeth Fretheim	Global Head, Business Development	Yes		
12	Alain Hadorn	Sr. Director, Program Management & Quality	Yes		
13	Tony Heaton	Battery Engineer	Yes	Yes	Yes
14	Joseph Kiessig	Director, Corporate Finance	Yes	Yes	Yes
15	Pablo Koziner	President, Nikola Energy	Yes	Yes	Yes
16	Kevin Lynk *	Chief Engineer	Yes	Yes	Yes
17	Paul Maack	Head of Talent Acquisition	Yes		
18	Morgan Mackelprang	Hardware Lead Developer	Yes	Yes	Yes

* Received SEC subpoena.

** Seconded

Preservation / Collection

#	Name	Title	GSuite Collected	Mobile Collected	Laptop Collected
19	Travis Milton *	Special Projects	Yes	Yes	Yes
20	Trevor Milton *	Former Executive Chairman	Yes	Yes	Yes
21	Nha Nguyen	Head of Safety	Yes		
22	Stasy Pasterick	Vice President, Corporate Controller	Yes		
23	Matt Peterson	Executive Assistant	Yes	Yes	Yes
24	Joseph Pike *	Chief Human Resources Officer	Yes	Yes	Yes
25	Dale Prows	Global Head, Infrastructure Development	Yes	Yes	Yes
26	Jordan Rich	Art Director	Yes	Yes	Yes
27	Nicole Rose	Director, Public Relations & Corporate Communications	Yes		
28	Jason Roycht	VP, Technology Development and Strategy	Yes	Yes	Yes
29	Mark Russell *	Chief Executive Officer	Yes	Yes	Yes
30	Varoujan Sarkissian	Global Head, Vehicle Electrical and Controls	Yes	Yes	Yes
31	Jesse Schneider *	Head of Fuel Cell Development and Hydrogen Infrastructure	Yes	Yes	Yes
32	Isaac Sloan	Chief Software Architect	Yes	Yes	Yes
33	Stewart Somerville	Former Director, Solar Sales	Yes		
34	Erik Tuft	Director, Design Studio	Yes		
35	Britton Worthen	Chief Legal Officer	Yes	Yes	Yes

* Received SEC subpoena.

Document Review

- ▶ Kirkland has begun an extensive document review process in order to respond to governmental subpoenas and investigate the allegations.

Targeted Review

- ▶ Kirkland collected and reviewed targeted electronic documents from Legal, Investor Relations, and Human Resources.
- ▶ Examples: Organizational charts, personnel files, policies and procedures, Board minutes and materials, investor presentations, and SEC filings.

Email and Messaging Review

- ▶ Kirkland engaged Legalpeople to conduct a review of:
 - ▶ Company emails – Kirkland used search term and date filters (January 1, 2016 to September 21, 2020).
 - ▶ Text messages (including WhatsApp)
 - ▶ Data room documents – Series D, GM, SPAC, Investor Reporting
 - ▶ Corporate Documents – Policies, Board minutes and materials, etc.
- ▶ Kirkland conducted second level review and additional targeted searching as necessary.

Document Review

- ▶ Kirkland prioritized documents for review based on key time periods and Brainspace analytics.
- ▶ To date, Kirkland and Legalpeople have made extensive progress in the document review:
 - **Emails:** 245,302 reviewed
 - **Text messages:** 128,969 daily transcripts reviewed
 - **Data room documents:** 2,679 reviewed
 - **Corporate documents:** 136 reviewed
- ▶ Kirkland has made eight productions totaling 12,464 documents and 134,348 pages.
- ▶ Kirkland expects to produce tens of thousands of additional documents to the SEC and SDNY in the following weeks.

Interviews

- Kirkland conducted **20 scoping interviews** and **31 forensic interviews** of Nikola employees / secondees.

#	Name	Title	Scoping	Forensic
1	Christian Appel	Head of Fuel Cell & Storage Systems	Yes	Yes
2	Umran Ashraf	Global Head, Vehicle Engineering	Yes	Yes
3	Kim Brady	Chief Financial Officer	Yes	Yes
4	Vince Caramella	Global Head, Marketing	Yes	Yes
5	Mike Chaffins	Sr. Director, Supply Chain and Purchasing	Yes	Yes
6	Dane Davis	Chief Technology Officer	Yes	Yes
7	Mark Duchesne	Global Head, Manufacturing	Yes	Yes
8	Tony Epperson	Sr. Manager, FP&A		Yes
9	Michael Erickson	President, Powersports	Yes	Yes
10	Stephanie Fleck	Social Media/Digital Marketing Manager		Yes
11	Elizabeth Fretheim	Global Head, Business Development	Yes	Yes
12	Alain Hadorn	Sr. Director, Program Management & Quality		Yes
13	Tony Heaton	Battery Engineer		Yes
14	Joseph Kiessig	Director, Corporate Finance	Yes	Yes
15	Pablo Koziner	President, Nikola Energy	Yes	Yes
16	Kevin Lynk	Chief Engineer	Yes	Yes
17	Paul Maack	Head of Talent Acquisition		Yes

Interviews

#	Name	Title	Scoping	Forensic
18	Morgan Mackelprang	Hardware Lead Developer		Yes
19	Travis Milton	Special Projects	Yes	Yes
20	Nha Nguyen	Head of Safety		Yes
21	Stasy Pasterick	Vice President, Corporate Controller		Yes
22	Joseph Pike	Chief Human Resources Officer	Yes	Yes
23	Dale Prows	Global Head, Infrastructure Development	Yes	Yes
24	Jordan Rich	Art Director		Yes
25	Nicole Rose	Director, Public Relations & Corporate Communications		Yes
26	Jason Roycht	VP, Technology Development and Strategy	Yes	Yes
27	Mark Russell	Chief Executive Officer	Yes	Yes
28	Varoujan Sarkissian	Global Head, Vehicle Electrical and Controls	Yes	Yes
29	Isaac Sloan	Chief Software Architect	Yes	Yes
30	Erik Tuft	Director, Design Studio	Yes	Yes
31	Britton Worthen	Chief Legal Officer		Yes

* Trevor Milton's attorneys have not yet agreed to make him available for an interview.

Reporting

► **The Board and the Company**

- We have had regular, almost daily, communications with the Chairman of the Board.
- We have had frequent communications with the full Board.
- We have had frequent communications with the company's Chief Legal Officer.
- We reported our Phase I findings to the Board on Thursday, November 5, 2020.

► **Company's Auditor – EY**

- Kirkland has had near-weekly meetings with the Company's external auditor, EY, to update them on the status of our investigation.
- We reported our Phase I findings to EY on Friday, November 6, 2020.
- EY has since signed off on the Company's 10-Q filing.

Factual Summaries

- ▶ Kirkland proactively proposed to provide the SEC with factual summaries on subpoena topics the SEC identified as high priority.
- ▶ The SEC agreed, and Kirkland provided the SEC and SDNY three factual summaries:
 - **High-Density Battery Technology** (October 14, 2020)
 - **Hydrogen Fuel Stations and Hydrogen Production** (October 19, 2020)
 - **Inverters** (October 27, 2020)
- ▶ Kirkland worked closely with Company personnel to gather information used in the factual summaries.

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Overview of Statements

#	Category	Statement / Allegation
1	HQ Power Sources	Milton said that solar panels on the roof of Nikola HQ produce approximately 18 megawatts of energy per day .
2	Natural Gas Wells Battery Development	The Company website stated that Nikola owns rights to natural gas wells. Tweets from Nikola Motor Company stated that the wells were used as a backup to solar hydrogen production .
3	Hydrogen Production	Milton said that Nikola can produce over 1,000 kg of hydrogen on site . Milton also said that the cost of producing hydrogen was less than \$3 / kg.
4	Development of Major Components	Milton said that all major components are “done” in house .
5	Inverter Development	Milton said that inverters are “done” in house . Milton also said that the inverter software is advanced and has been requested by other OEMs.
6	Battery Development	Milton said that batteries are “done” in house and that Nikola makes the entire battery pack .
7	Game-Changing Battery Technology	A Nikola press release announced a “game-changing battery cell technology” and the acquisition of a world-class battery engineering team.
8	Zero Emissions Truck	In a press release, Milton said Nikola had engineered a zero emissions truck .
9	Nikola Unveiling	Milton stated that the Nikola One is “a fully functioning vehicle .”
10	Nikola One In Motion Video	A Nikola video of the Nikola One gave the impression that the truck was driven .
11	Refund of Deposits	The Hindenburg Report implies a connection between the refund and former CFO Spira’s departure .
12	Production Timeline	Milton said that five trucks were coming off the assembly line in Ulm, Germany.

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1. HQ Power Sources

2. Natural Gas Wells
3. Hydrogen Production
4. Development of Major Components
5. Inverter Development
6. Battery Development
7. Game-Changing Battery Technology
8. Zero Emissions Truck as of 2016
9. Nikola One Unveiling
10. Nikola One In Motion Video
11. Refund of Deposits
12. Production Timeline

1. HQ Power Sources

Statements

Apr. 19, 2019 | In a video from a fuel cell vehicle workshop, Trevor Milton states, “We have 3.5 megawatts of solar up on the roof producing about 18 megawatts of energy a day in our headquarters.”

Interviews



Kim Brady
CFO

This assertion is “**completely false**.” Nikola had merely discussed moving to an off-grid headquarters, but it was deemed cost prohibitive.



**Several
Employees**

- ▶ Interviewees consistently stated that Nikola’s headquarters **did not have solar panels on its roof at this time, and that there are still no solar panels on the roof.**
- ▶ Many employees also noted that the employee parking lot has solar panels, and that Nikola has purchased solar panels and plans to install them on the headquarters building.

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7. Game-Changing Battery Technology

8. Zero Emissions Truck as of 2016

9. Nikola One Unveiling

10. Nikola One In Motion Video

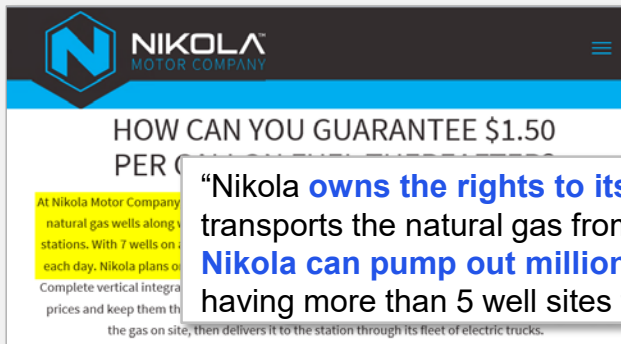
11. Refund of Deposits

12. Production Timeline

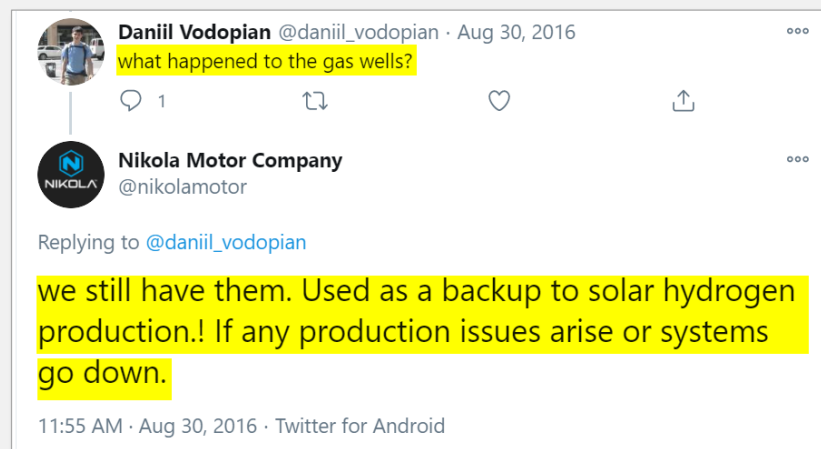
2. Natural Gas Wells

Statements

Jul. 1, 2016 | Wayback Machine snapshot of Nikola Motor Company's website.



Aug. 1, 2016 | Tweets from Nikola Motor Company.



2. Natural Gas Wells

Interviews



Travis Milton
Special Projects

Travis Milton looked at a property with seven wells on site, but **Nikola never purchased the property or any other natural gas wells.**



Britton Worthen
CLO

Milton had an agreement with a well owner that gave him the **option** to buy gas wells. Milton's assertions were likely tied in some way to that agreement, but are "**potentially misleading or just misleading.**"



Kim Brady
CFO

Brady is **unaware** of any natural gas wells owned by Nikola.



Morgan Mackelprang
Hardware Lead Developer

Milton was referring to his **contemplated discussions** with Brayton Energy for a micro-turbine, which produces both heat and electricity on a relatively small scale.



Tony Epperson
Sr. Manager, FP&A



Anthony Heaton
Battery Engineer



Dane Davis
CTO

With respect to Nikola owning gas wells, **Milton pursued agreements and interviewees vaguely heard of those discussions** in the early Nikola days, although most did not know any details.

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12. Production Timeline

3. Hydrogen Production

Statements

- Dec. 2, 2019** | In a live-streamed Nikola and IVECO event, Trevor Milton states: “We’re building out the hydrogen station right now globally. In America we’ve already got the largest hydrogen station in the western hemisphere at our headquarters. **Can produce over 1,000 kilograms a day on site.** ... The station’s already up and operational for pumping right now.”
-
- Jul. 17, 2020** | Trevor Milton is featured on the TC’s Chartcast podcast. Regarding hydrogen fuel, Milton says Nikola has been able to “chop the cost of hydrogen from \$16/kg down to – **we’re down below \$3/kg on our hydrogen now**” and that “the standardization of the hydrogen station was the most important aspect” of cost-saving. The Hindenburg Report alleges this would amount to an 81.25% reduction in the cost of hydrogen.

3. Hydrogen Production

Interviews



Several Employees

- ▶ Nikola **has never produced** hydrogen.
- ▶ The headquarters station can **dispense** (not produce) 1,000 kg/day.
- ▶ The headquarters station can **store** (not produce) 1,000 kg/day. Nikola has **hydrogen pricing models** pursuant to which they can produce hydrogen at a price of less than \$3/kg.
- ▶ A price of \$4/kg is **aggressive, but feasible**. It depends on acquiring electricity for less than or equal to 3.5 cents per kilowatt hour.
- ▶ Nikola's discussions with energy providers show that the **electricity cost assumptions** in the pricing models presented to investors are **well-founded**.



Jason Roycht
VP, Technology Development and Strategy

Milton tends to mix up “we plan to have” with “we have” when speaking in public.



Mark Russell
CEO

This statement is “**indefensible**.” The headquarters station is for storage and dispensing, not production.



Kim Brady
CFO

It is a “**false statement**” that Nikola is producing 1,000 kg/day of hydrogen at headquarters.



Britton Worthen
CLO

The statement that Nikola can produce 1,000 kg/day **is not true**, and Milton knew it was not true. We discussed this “a million times.” Milton states future plans as if they are a present reality.



Dale Prows
Global Head, Infrastructure Development

It is “**false**” for Milton to say “we’re down below \$3/kg on our hydrogen now.” **There is no “our hydrogen**” — Nikola is not producing any.

3. Hydrogen Production

Documents

Jul. 20, 2020 | Elizabeth Fretheim emails Mark Russell, Kim Brady, Britton Worthen, Pablo Koziner, and the communications teams listing her concerns regarding Trevor Milton's July 17 podcast interview, where he stated that "**we're down below \$3/kg on our hydrogen now.**"



Elizabeth Fretheim
Global Head,
Business
Development

On Jul 20, 2020, at 1:54 PM, Elizabeth Fretheim <elizabeth.fretheim@nikolamotor.com> wrote:

If you haven't had a chance to listen to the podcast yet, below is the list of my concerns **ranging from things I just wish he wouldn't say to inaccuracies**.

Concern	Timing
cost of hydrogen below \$3/kg	11:50 - 12:00
trucking is a mess	10:45 - 11:30
- we're going to make it so OO's can compete with big fleets	12:25 - 12:30
standardizing the stations is how we lower cost of H2 (cost of stations \$14M)	25:00-30:00 28-29:15
- cost of station went from \$50-60M to \$14M	and at 32:18
figured out how to stabilize the load balance	31:00-31:15
solved the grid and load balance	31:45-32:24
- to get below \$10M for a station w/in a few years	32:13-32:24
mix of Alkaline and PEM electrolyzers	32:42

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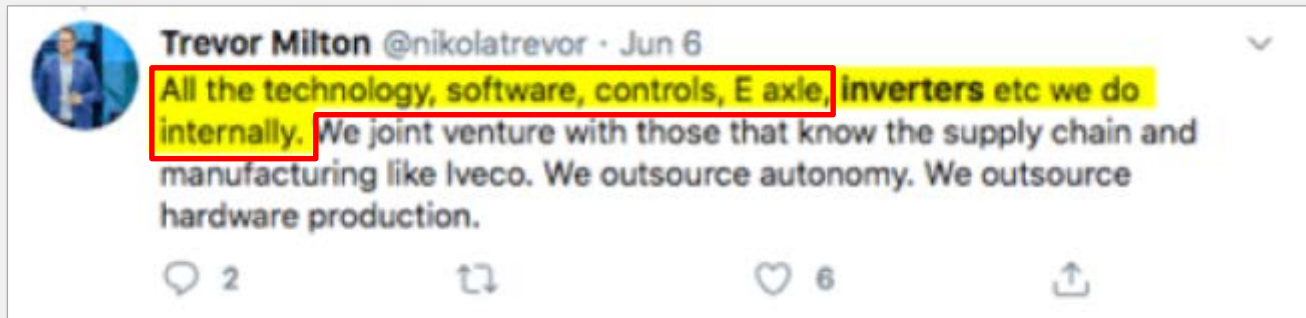
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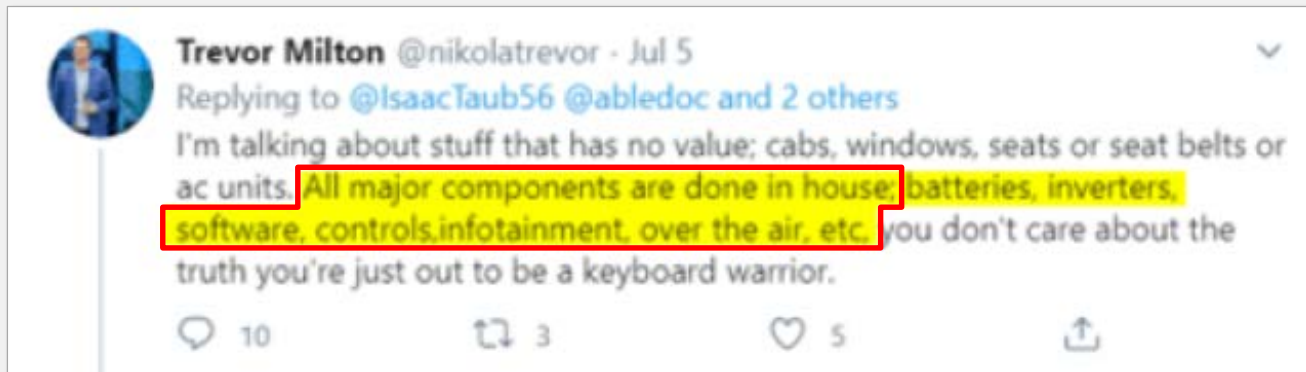
4. Development of Major Components

Statements

Jun. 6, 2020 |



Jul. 5, 2020 |



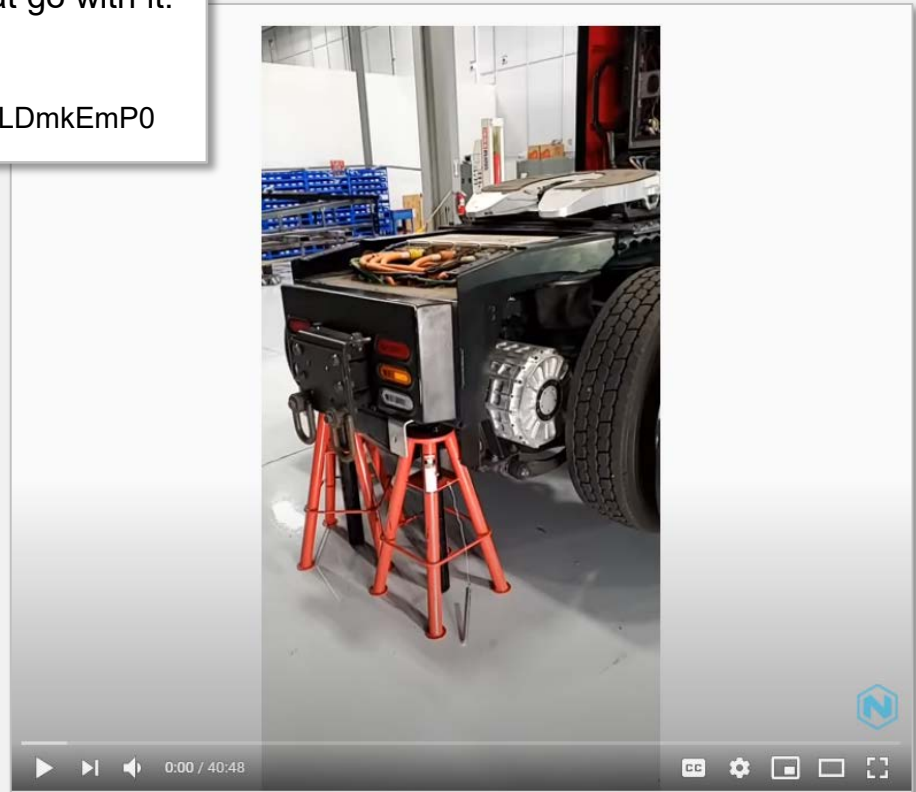
4. Development of Major Components

Statements

Jul. 14, 2020 |

“We do **all the e-axle design in house**. All the gears, the gear reductions. The thermal the cooling. Even the controls that go with it.”

<https://www.youtube.com/watch?v=7C2LDmkEmP0>



4. Development of Major Components

Interviews



Kim Brady
CFO

Nikola **aspires** to build components in-house but **does not do so at present**.



Dane Davis
CTO

Nikola **designs components, coordinates with third parties to manufacture those components, and sometimes leverages off of third parties'** pre-existing technology.



Michael Erickson
President, Powersports

Nikola performs a lot of design and development in house, but **most components are manufactured by third-party suppliers**, as is typical for the industry.



Kevin Lynk
Chief Engineer

Nikola **does not currently develop any components** on its own. In some cases, it uses contract engineering teams to develop the technology for Nikola's ultimate ownership.



Britton Worthen
CLO

Nikola writes **"a lot of the controls software"** for its vehicles.

4. Development of Major Components

Interviews



**Several
Employees**

- ▶ Nikola was heavily involved in the **design** of its components.
- ▶ Responsibility for a particular component was sometimes **divided** amongst Nikola and its suppliers.
- ▶ Nikola sometimes ran **parallel paths** to develop outsourced components in-house.
- ▶ Milton's statements **needed additional context** and clarification.
- ▶ Milton was **overzealous** regarding what Nikola eventually would build versus what the Company currently builds in-house.



Mark Russell
CEO

Once Milton gave the order, he considered that task done. That is why, for example, he would say we had the best battery pack in the world right after hiring AVL. The battery pack was not finished in reality, but it was done in his mind because he had set it in motion.

4. Development of Major Components

Documents

Mar. 27, 2020 | Kevin Lynk emails Katherine Beebee (Project Manager, Truck) regarding responsibility for e-axle components.



**Kevin
Lynk**
Chief
Engineer

FPT is responsible for the mechanical design of the e-axle. Iveco is responsible for the vehicle integration of the e-axle and traction inverters. Nikola is responsible for purchasing the traction inverters and critical e-axle components and we provide support for the system design.



**Katherine
Beebee**



**Grant
Compton**

4. Development of Major Components

Documents

- ▶ The Company accurately disclosed the use of several component suppliers in its Amendment No. 1 to Form S-4 (Apr. 15, 2020):
 - EDAG – cab and chassis engineering services
 - WABCO – braking control components and air management systems
 - Meritor – suspension and related components
 - Mahle – thermal management systems

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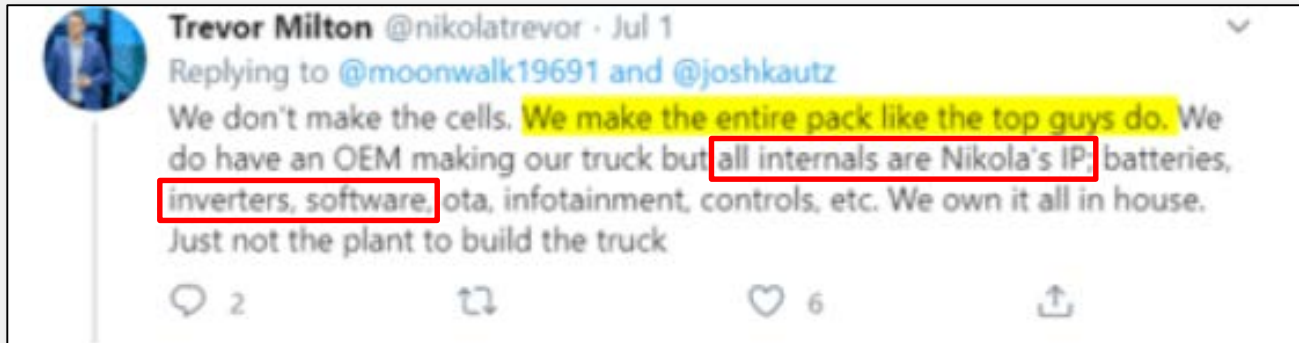
- ▶ Review of Registration Statement
- ▶ Trevor Milton's Character
- ▶ Integrity of Current Leadership
- ▶ Next Steps

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2. Natural Gas Wells
3. Hydrogen Production
4. Development of Major Components
- 5. Inverter Development**
6. Battery Development
7. Game-Changing Battery Technology
8. Zero Emissions Truck as of 2016
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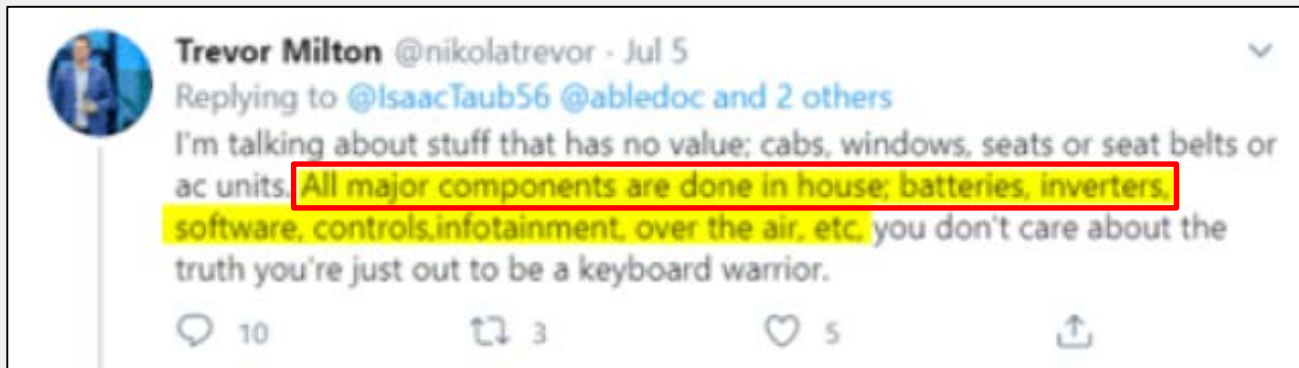
5. Inverter Development

Statements

Jul. 1, 2020 |



Jul. 5, 2020 |



5. Inverter Development

Statements

Jul. 14, 2020 |

“We do all the e-axle design in house. . . . And, also, the inverters as well. **All inverters on the Nikola truck are probably some of the most advanced software systems** that I know of anywhere in the automotive world. Why do I know that? It is because **other OEMs are asking us to use it...**”

<https://www.youtube.com/watch?v=7C2LDmkEmP0>

Reality: Nikola Buys Inverters from a Third-Party Supplier. A July Video Shows the Inverter, but the Label of the Manufacturer is Covered with Masking Tape



Nikola Motor Company - BTS with Trevor Milton showing the Nikola Two Powertrain

85,581 views • Jul 14, 2020

1.2K 345 SHARE SAVE

5. Inverter Development

In-House Program

Interviews



Kevin Lynk
Chief Engineer

- ▶ Nikola has used and continues to use off-the-shelf inverters for **demonstration** and **early phase prototype vehicles**.
- ▶ It was **Milton's vision to bring components, including inverters, in-house**. His idea was that developing in-house components would ensure that Nikola was not beholden to suppliers.
- ▶ It is **"grandiose"** for Milton to state that the inverters are "advanced software systems" when they **"aren't even in production yet."**



Varoujan Sarkissian
*Global Head,
Vehicle Electrical
and Controls*

- ▶ **Efforts to develop in-house inverters only ramped up in early 2020**, and it will take **far more development time** (perhaps up to ten years) **before the in-house inverters could be used** in Nikola production vehicles.
- ▶ Milton knew that Nikola was in the **early stages of inverter development** — the Company had canceled its contract with ITK for inverter development and was essentially **starting over**.



Tony Epperson
Sr. Manager, FP&A

- ▶ Milton's comments **"may have been true in his mind"**, because Nikola was starting to build out its in-house inverter research and development team."

5. Inverter Development

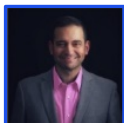
In-House Program

Interviews



Kevin Lynk
Chief Engineer

- ▶ For the **Nikola One** prototype, Nikola used **RMS-built 250 kW-series inverters**. Six of the RMS inverters, along with six Remy motors, were designed for use in the Nikola One prototype vehicle.
- ▶ For the **Nikola Two** prototype, the Company used **300 kW-series RMS inverters** with different housings, and switched from six Remy motors to four Bosch motors. Nikola has **not made a final decision** regarding the inverter to use for the Nikola Two production vehicles.



Jason Roycht
VP, Technology Development and Strategy



Tony Epperson
Sr. Manager, FP&A



Christian Appel
Head of Fuel Cell & Storage Systems

For the **Nikola Tre**, Nikola is **using Bosch inverters**, but there is **also an ongoing in-house inverter research and development project** under the direction of Varoujan Sarkissian.



Dane Davis
CTO

In 2018, **ITK** was tasked with building a custom inverter for the Nikola NZT (UTV), but ITK did not have the capability to finish the project.

5. Inverter Development

Requests from OEMs

Interviews



Kim Brady
CFO

Milton's assertion that other OEMs have asked to use Nikola's in-house inverter is "**complete fiction**."



Varoujan Sarkissian
*Global Head, Vehicle
Electrical and Controls*

It is **not true** that OEMs asked to use Nikola's in-house inverter. There was no complete in-house inverter or software for OEMs to ask for at the time of Trevor's statement. Only a few power inverter boards had been developed.



Kevin Lynk
Chief Engineer

It is **possible** that IVECO asked to use the Nikola Tre inverters, but **those inverters are owned by Bosch**, so IVECO (or any other OEM) would have to secure them through Bosch.

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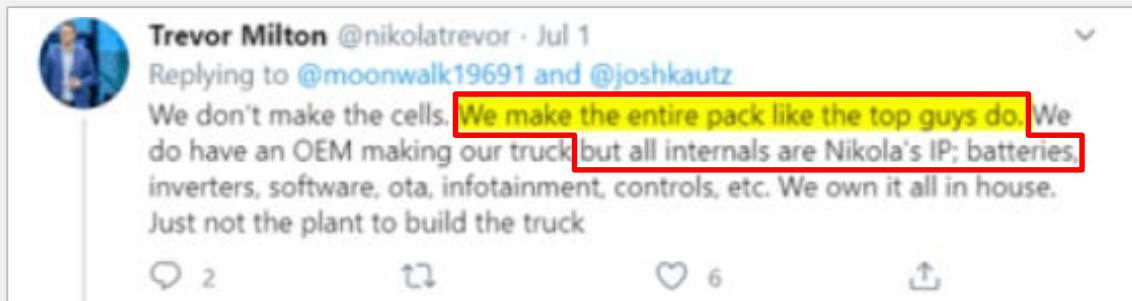
6. Battery Development

Statements

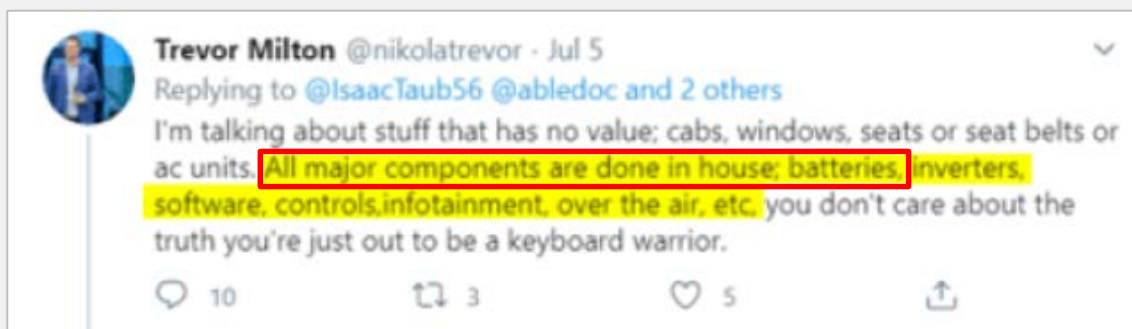
Jun. 6, 2020 |



Jul. 1, 2020 |



Jul. 5, 2020 |



6. Battery Development

Statements

Jul. 14, 2020 |

“We do however **make everything in our battery**. All the cooling, the thermal, the battery management system, the software, the hardware – **everything except for the cell**.”

<https://www.youtube.com/watch?v=7C2LDmkEmP0>



6. Battery Development

Interviews



Umran Ashraf
Global Head, Vehicle
Engineering

Virtually all of the batteries for vehicles are built with partners. The battery for the Nikola Tre is a result of a tri-party effort (Samsung provides the cell, Romeo makes the module, Nikola builds and owns the pack).



Kim Brady
CFO

Nikola does not make its own battery in-house. “No one can say they have their own battery other than *maybe* Tesla.” **Nikola “never told” institutional investors that it makes its own batteries.** Rather, it told them the truth, namely that Nikola buys cells and works with third parties to build its modules. Milton “had **paranoia** about investors knowing that” even after numerous attempts to explain to him that investors understood it already. He “always played a bit of **cloak and dagger**” regarding battery technology. For example, he did not want to disclose Nikola’s relationship with Romeo.



Britton Worthen
CLO

Milton **worked hard** to ensure that Romeo could **never say** that its batteries were in Nikola’s trucks.



Mark Russell
CEO

Romeo was the best option, but Milton **badly wanted Nikola to own its battery technology.** He edged everyone else (including Umran Ashraf) out of the discussions with battery partners.

6. Battery Development

Documents

Nov. 1-4, 2019 | Trevor Milton emails Steve Cook (Associate Corporate Counsel, Contracts) regarding an agreement with Romeo Power Technology.



Trevor Milton

We need to make sure we have a clause specifically stating they shall never represent their batteries are on our truck without our written permission. Which we will never give.

I don't want the image issue with our investors. Please make sure we have a clause in there. Also, are there any penalties for being late in this? What if they don't meet their timelines?



Steve Cook

Jan. 1, 2020 | Kim Brady texts Mark Russell about a battery presentation given by Trevor Milton.

BegDoc	Time	From	Message Body
Russel_Mark_MOB_00065404	00:53:21	Kim Brady (NEW):+18479107460	Spoke with Umran for a few minutes this afternoon. He said Trevor's battery presentation was full of misrepresentation. In addition, he believes a flooded module makes thermal propagation worse and not better. Who is right?

6. Battery Development

Documents

May 11, 2020 | Employee performance review for Anirban Niyogi (Lead Battery Module Designer):

Review:

Anirban has been performing well and providing good work for Umran, but Anirban job responsibilities are more of a Project Engineer than a Battery Module Design Engineer. Shortly after Anirban's

Umran cannot provide a detailed performance review on Anirban for any battery development responsibilities since **Nikola is not developing a battery in house.**

Umran cannot provide a detailed performance review on Anirban for any battery development responsibilities since **Nikola is not developing a battery in house.**

Umran is not clear what career advancement or opportunities exist internally for Anirban in the future because Nikola does not have a clear plan for battery development. Since Anirban was hired as a Battery

Module Engineer/Lead—is this something are we intending to do? OR if we don't maybe we can transfer him to other roles but Umran is not sure how those direct managers will be happy with Anirban's performance.

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7. Game-Changing Battery Technology

Statements

Nov. 19, 2019 | Nikola announces its plan to reveal “**game-changing battery cell technology**” at the Nikola World 2020 event. The announcement also references Nikola’s October 2019 letter of intent to acquire a “world-class battery engineering team” from ZapGo, Ltd., without naming ZapGo.

PRESS RELEASE
NOVEMBER 19, 2019

NIKOLA

Nikola Corporation to Unveil Game-Changing Battery Cell Technology at Nikola World 2020

Technology encompasses world's first free-standing / self-supported electrode with a cathode that has 4x the energy density of lithium-ion

- Technology encompasses world's first free-standing / self-supported electrode with a cathode that has 4x the energy density of lithium-ion
- Achieves 2,000 cycles
- Cell technology exp
- Could drive down t
- Nikola will share IP

"This is the biggest advancement we have seen in the battery world," said Trevor Milton, CEO, Nikola Motor Company.

"We are not talking about small improvements; we are talking about doubling your cell phone battery capacity. We are talking about doubling the range of BEVs and hydrogen-electric vehicles around the world."

PRESS RELEASE

7. Game-Changing Battery Technology

Drexel

Documents

Nov. 15, 2019 | Trevor Milton informs Nikola's Board of Directors of Drexel University's lithium sulfur battery research and attaches a draft of the November 19, 2019 press release.

New battery technology optional board call

Sent: Fri, 15 Nov 2019 16:53:43 -0700

From: Trevor Milton

To: Sophia Jin

CC: Britton Worthen, William Milton, Mark Russell, Lon Stalsberg, Jeff Ubben, Mansueti Mike (RBNA/P), MARX Gerrit (CNH)

 Nikola Battery Annou
17.1 KB

Hello Nikola Board M
This email is sensitive

As you know we enter
UK. On top that techn
lithium ion batteries th
if I would actually be a
searching university re



Trevor Milton



I spent years researching a very narrow window of technology; lithium sulphur. It is the holy grail of lithium batteries but no one has figured out how to prevent the sulphur from degrading. It holds 4x that of lithium-ion and costs 1/2 the cost of lithium ion to produce. Until now:)

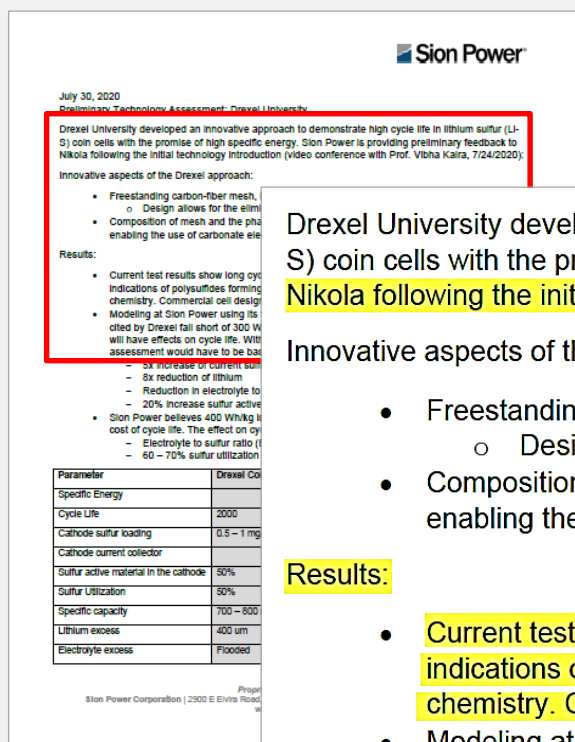
I found a brilliant Indian professor at Drexel University (Vibha Kalra) that claimed to have a coating figured out that would enable Lithium Sulfur to successfully be charged and discharged without major harm. I spent part of the last year lining up meetings, looking into the technology, validating it, seeing it cycle and beginning the due diligence on it. Vibha's team has now been able to cycle the sample cells over 2,000 times and have better results than lithium ion. That was the point in which I knew that we had it.

7. Game-Changing Battery Technology

Drexel

Documents

Jul. 30, 2020 | Sion Power, an Arizona battery technology company, conducted an independent review of Drexel University's research and provided Nikola with preliminary findings.



Drexel University developed an innovative approach to demonstrate high cycle life in lithium sulfur (Li-S) coin cells with the promise of high specific energy. Sion Power is providing preliminary feedback to Nikola following the initial technology introduction (video conference with Prof. Vibha Kalra, 7/24/2020):

Innovative aspects of the Drexel approach:

- Freestanding carbon-fiber mesh, impregnated with sulfur
 - Design allows for the elimination of the current collector/substrate
- Composition of mesh and the phase of sulfur deposited suppress polysulfides formation enabling the use of carbonate electrolyte

Results:

- Current test results show long cycle life (exceeding 2000 cycles) in coin cells, with no indications of polysulfides forming. Questions remain about the scalability of electrochemistry. Commercial cell design targets 400 – 500 Wh/kg and the same long cycle life.
- Modeling at Sion Power using its verified Li-S cell model shows that the design parameters cited by Drexel fall short of 300 Wh/kg. Several of the scale-up assumptions are risky and will have effects on cycle life. Without experimental verification of the cycle life, our

7. Game-Changing Battery Technology

Drexel

Interviews



Jason Roycht
*VP, Technology
Development and
Strategy*

There is a lot of risk on early coin cell samples and actual productionized battery cells; Milton likely did not understand that difference. **Dime sized “coin cells” were in place at the time with Drexel; these are simplistic and nowhere near the complexity of what goes into a pack cell.**



Tony Heaton
Battery Engineer

Drexel's projections showed the potential to double battery capacity vs. lithium-ion batteries, but this assumes all testing goes according to plan. **Drexel's work is still in the early research and development phase, and it was likely too early to publish this statement in November 2019.**



Kim Brady
CFO

Nikola is “**years away**” from having the battery technology Milton described. There's no way he could have known how many miles the trucks could drive between charging. The whole statement was an embellishment and fiction at the time, but it may be true in 10 years if everything goes perfectly.



Britton Worthen
CLO

Nikola did not and still **does not have** “commercializable” battery technology. Milton's statements to the contrary were a “**terrible and stupid idea**” and Worthen told him not to make the statement.

7. Game-Changing Battery Technology

Drexel

Interviews



Dane Davis
CTO

Drexel's battery research was confined to doubling battery capacity at the cell level; **their cell research still needs to go through scalability and viability testing** for production. If Drexel can achieve what was described in the press release, it would indeed be game changing.



Joe Pike
CHRO

This statement felt false and misleading; Milton was essentially saying "we got it," before they did.



Joseph Kiessig
Director, Corporate Finance

The Company **told investors they should ignore the press release** because the technology was very far from commercialization. Information on this subject was never included in investor presentations.

7. Game-Changing Battery Technology

ZapGo

Interviews



Jason Roycht

*VP, Technology
Development and
Strategy*

Roycht discovered the tax fraud and other allegations against Charles Resnick of ZapGo about a week after Roycht began at Nikola in November 2019. But the ZapGo arrangement was cancelled because ZapGo's product was **not feasible**.

The announcement touting game-changing technology had nothing to do with ZapGo. Although the release was admittedly sloppily-worded, it was referring to the Drexel University presentation of coin cell samples.

7. Game-Changing Battery Technology

ZapGo

Documents

Feb. 14, 2020 | ZapGo reports that delays will prevent it from completing the promised technology improvements within the contemplated budget and timeline.

Lol & Technical Due Diligence

- **Current Lol:** *The Company shall develop a Generation 4 (Gen 4) Carbon-Ion (C-Ion) cell designed to be used in the Nikola hydrogen and charging stations ("Development Product"). The Gen 4 cells will be delivered against the milestones in Exhibit B:*
 - Nov 1, 2019: Development Product phase begins (subject to agreement with Panasonic)
 - Feb 14, 2020: Milestone 1 – Trial iteration 10 samples – verified by Purchaser
 - Mar 30, 2020: Development Product delivered, 50 samples of Gen 4
- The delays in completing the agreement with Panasonic mean the dates for these milestones need to be amended. As work is still progressing for the Gen 4 development, alternative technical due diligence milestones are proposed below to allow the acquisition to complete in advance of the Panasonic trials.

Feb. 21, 2020 | Jason Roycht expresses concerns about ZapGo's reported delays.

From: Jason Roycht <jason.roycht@nikolamotor.com>
Subject: Re: SPA & JDA
Sent: Fri, 21 Feb 2020 06:58:31 +0100
Cc: Britton Worthen <britton@nikolamotor.com>, Trevor Milton <trevor@nikolamotor.com>, Tim Walder <tim.walder@zapgo.com>, CFO Kim Brady <kim.brady@nikolamotor.com>
To: Stephen Voller <stephen.voller@zapgo.com>



Although we recognize and accept a delay of the LOI timing due to trials at Panasonic, there seems to be significant development and therefore risk afterwards in order to demonstrate a viable product for Gen4. Furthermore, Zapgo is representing now a GENX development requirement 2 yrs later which raises some concerns that the Gen4 may not be adequate for the companies targets. We will need to ensure a mutual understanding and set the next steps accordingly.

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8. Zero Emissions Truck as of 2016

Statements

Aug. 1, 2016 | Nikola issues a press release entitled, “Nikola One Truck Achieves Zero Emissions.”



“R&D team **has achieved 100% zero emissions** on the Nikola One commercial class 8 truck.”

“Nikola has engineered **the holy grail** of the trucking industry.”

NIKOLA ONE TRUCK ACHIEVES ZERO EMISSIONS

Working electric truck prototype to be unveiled on

Published August 01, 2016

Working electric truck prototype to be unveiled on December 2 in Salt Lake City

SALT LAKE CITY, UT August 1, 2016 -- Nikola (pronounced Neek-oh-la) Motor Company's advanced R&D team has achieved 100% zero emissions on the Nikola One commercial class 8 truck.

“While other companies have recently announced battery-powered trucks, they are restricted to a range of only a couple hundred miles between stops,” said Founder and CEO Trevor Milton. “Nikola has engineered the holy grail of the trucking industry. We are not aware of any zero emission truck in the world that can haul 80,000 pounds more than 1,000 miles and do it without stopping. The Nikola One requires only 15 minutes of downtime before heading out for the next 1,000 miles.”

SALT LAKE CITY, UT August 1, 2016 -- Nikola (pronounced Neek-oh-la) Motor Company's advanced R&D team has achieved 100% zero emissions on the Nikola One commercial class 8 truck.

8. Zero Emissions Truck as of 2016

Interviews



Kim Brady
CFO

As of August 1, 2016, the Nikola One was running on natural gas and thus was “**not zero emissions.**” Milton’s statements to the contrary are **false**.



Britton Worthen
CLO

The assertion that Nikola had “achieved 100% zero emissions on the Nikola One” by August 1, 2016 is “**just not true.**”



Several Employees

Nikola **did not have a functioning hydrogen truck** at the time the press release was issued.

Interviewees interpreted the press release in various ways.

- ▶ Some believed the press release was accurate if it was referring to the Nikola Two, which only emits water. Nikola had designed a 100% zero emissions vehicle as an engineering model, although it was not yet built.
- ▶ **Others found it inaccurate if referring to the Nikola One.**



Tony Epperson
Sr. Manager, FP&A

The intention of the press release was to announce Nikola’s **vision** to obtain zero emissions through hydrogen fuel cell technology.



Mark Russell
CEO

Milton’s **true dream** from the beginning was to build a hybrid semi-truck—the “truck of the future.” He was convinced that hydrogen would get him to the ultimate goal of zero emissions.

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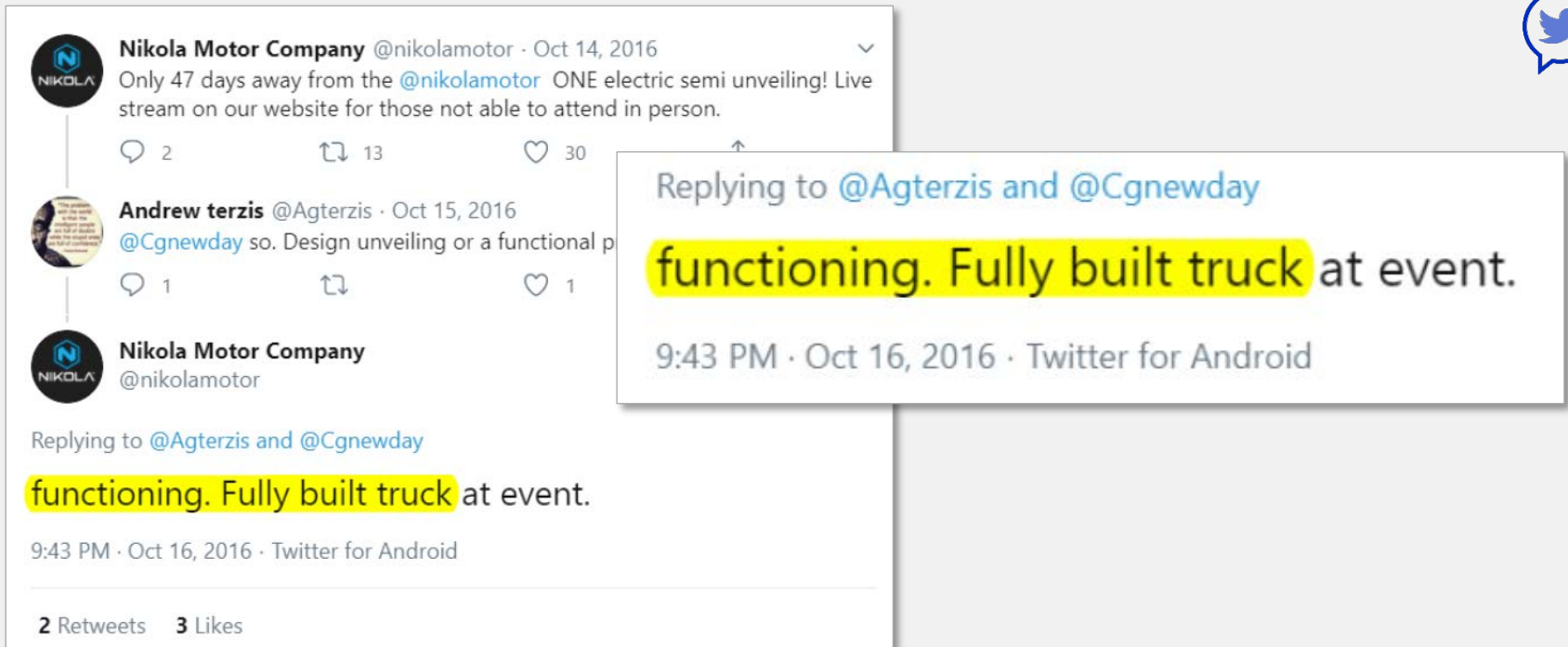
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12. Production Timeline

9. Nikola One Unveiling

Statements

Oct. 14-16, 2016 | Tweets from Nikola Motor Company regarding a truck to be shown at the December unveiling of the Nikola One electric semi-truck.



9. Nikola One Unveiling

Statements

Dec. 1, 2016 | During the Nikola One unveiling event, Trevor Milton says:

17:49
expens
17:50
jet wi
17:52
thing
17:54
people
17:55
fully
17:57
really incredible this will take a few
17:58
years of rollout this is not like
18:00
overnight thing
18:01
this will take testing it'll take
18:03
it'll take great partners that we
18:04
but soon we'll be passing billion
18:06
dollars of Freight through our systems

17:54
people from driving off but this thing
17:55
fully functions and works which is
17:57
really incredible this will take a few
39:00
this truck will come to market I can
3
ise you that for every doubter out
4
e that said that there's no way this
6
rue absolute how can that be
8
possible we've done it it's my pleasure
39:14
feel how sturdy it is you're going to
39:16
see that this is a real truck this is
39:17
not a pusher thank you so much everyone this is
not a pusher thank you so much everyone

9. Nikola One Unveiling

Statements

Dec. 2, 2016 | During an interview with Roadshow, Trevor Milton states:

00:45
announced some of the the
00:47
this big event but it took ye
00:48
years to get here this isn't ju
00:50
pusher like a lot of vehicles
00:52
unveil are just vehicles that
00:53
actually function is a fully fu
00:55
uh you know vehicle which i
00:57
incredibly can go through yo
00:58
know we can change out a pr
01:00
everything we want all the te
01:02
I mean this is a fully function
01:03
vehicle it's not just a not just
01:05
pusher that's what they call i
01:06
automotive world the vehicle
01:08
just push and it doesn't move all right

00:45
announced some of the the lead up to
00:47
this big event but it took years and
00:48
years to get here this isn't just a
00:50
pusher like a lot of vehicles that the
00:52
unveil are just vehicles that don't
00:53
actually function is a fully functioning
00:55
uh you know vehicle which is really
00:57
incredibly can go through you can you

00:58
know we can change out a pretty much
01:00
everything we want all the temperatures
01:02
I mean this is a fully functioning
01:03
vehicle it's not just a not just a
01:05
pusher that's what they call in the
01:06
automotive world the vehicle that they
01:08
just push and it doesn't move all right

9. Nikola One Unveiling

Statements

Jun. 17, 2020 | After a Bloomberg article was published alleging the truck shown at the unveiling was not functional, Trevor Milton tweeted:



9. Nikola One Unveiling

Interviews



**D. Davis, K. Lynk,
T. Epperson, V.
Caramella, K. Brady**

The Nikola One unveiled in December 2016 **was not “fully functional.”**



Kim Brady
CFO

The Nikola One unveiled in December 2016 **was a pusher.**



**A. Hadorn, K. Lynk,
I. Sloan, J. Rich**

The Nikola One unveiled in December 2016 **was “not a pusher”** because it was built to drive but it was also **not “fully functional”** at the time.



Kevin Lynk
Chief Engineer

There was an instruction (potentially from legal) to Nikola employees before the event that they should be careful **not to say the vehicle was “fully functioning,” “driving,” or an “H2 vehicle.”**



**K. Lynk
& J. Roycht**

At the second day of the event, Nikola discussed that although they were working toward hydrogen, the **truck on stage was designed around a natural gas turbine.**



**C. Appel,
T. Epperson, J.
Roycht**

Bosch, which invested not long after the event, **knew that the Nikola One was a natural gas turbine truck**, that Nikola wanted to switch to hydrogen, and that **it was not a running truck.**



Jason Roycht
*VP, Technology
Development and Strategy*

Once attendees were allowed on stage to look at the truck, it was obvious there was not a fuel cell in it. **Bosch attendees saw it as a “concept truck”**; they were told the second day of the event that it was a natural gas truck.

The initial presentation, especially a slide about fuel efficiency, was “very aggressive” or “unrealistic.”

9. Nikola One Unveiling

Interviews



Joseph Kiessig
*Director, Corporate
Finance*

The Nikola One unveiled in December 2016 was “fully functional” and “fully built” (at least under an industry understanding) because every component had been designed and tested.



Isaac Sloan
*Chief Software
Architect*

Not all of the parts were assembled due to additional safety testing needed but the Company could have made the truck functional if it wanted to.



Nicole Rose
*Director, PR & Corp.
Comms*

It is **standard practice to remove “parts, engines, and batteries”** from any vehicle that is going to be shown inside a building.



Britton Worthen
CLO

Milton’s statements that the truck was “fully built” **undermined** all the hard work and sacrifice by Nikola employees who did make something really special for the unveiling.

9. Nikola One Unveiling

Documents

Jun. 18, 2018 | Kim Brady sent Carnegie (Swedish investment bank) a draft response to a question from Statkraft regarding whether the Nikola truck depicted on a stage in an investor presentation was a shell or fully equipped.

Jul. 27, 2018 | Joseph Kiessig responded to Statkraft's question with a response was identical to Brady's draft response on June 18, 2018.



Joseph Kiessig
Director, Corporate
Finance

In the investor presentation on page 5 there is a picture of Nikola truck on the stage. Is this just a shell or is it actually fully equipped with batteries and FC? If so, is it running and how is the experience?

Prior to starting Nikola, Founder and CEO, Trevor Milton sold his previous company, DHybrid Systems, to Worthington Industries. DHybrid Systems focused on producing natural gas, back of cab storage systems, which is the black storage unit that you see on the back of the Nikola One, which was unveiled in December of 2016. This truck also featured a natural gas turbine as the range extender for the electric drivetrain, rather than a hydrogen FC system. Nikola decided to change from natural gas to hydrogen in August of 2016. By that time, it was too late to perform a complete system change on the truck that was to be unveiled only a four months later.

The primary subsystems (battery, motor drives, turbine, brake system, suspension) of the truck were all tested separately and mechanically integrated into the truck chassis. Rather than focusing additional time and resources towards the controls, calibration, and optimization of the turbine system, Nikola steered its attention towards the FC drivetrain that is now being incorporated on the alpha trucks. Also, the vehicle level controls and overall safety of the vehicle were not mature enough to risk driving on open roads.

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1. HQ Power Sources
2. Natural Gas Wells
3. Hydrogen Production
4. Development of Major Components
5. Inverter Development
6. Battery Development
7. Game-Changing Battery Technology
8. Zero Emissions Truck as of 2016
9. Nikola One Unveiling

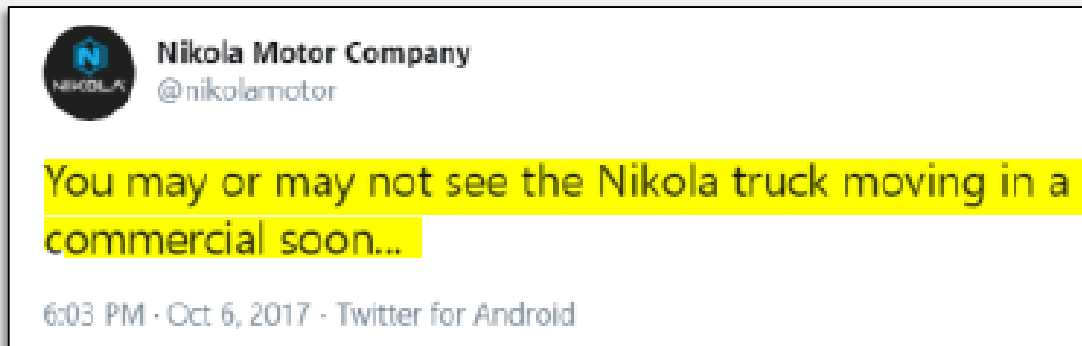
10. Nikola One In Motion Video

11. Refund of Deposits
12. Production Timeline

10. Nikola One In Motion Video

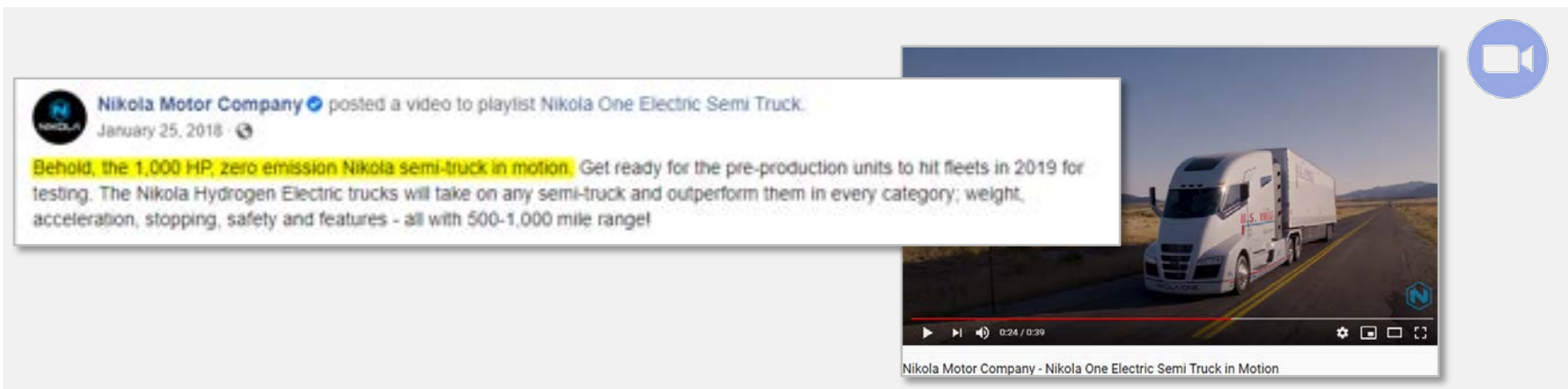
Statements

Oct. 6, 2017 |



Jan. 25, 2018 |

Nikola releases a video on its YouTube and Facebook pages. The YouTube video is entitled "Nikola One Electric Semi Truck in Motion"; the Facebook video states that the truck is "in motion." The video shows the truck driving on an apparently level road at a high rate of speed, then stopped at a stop sign in another shot.



10. Nikola One In Motion Video

In Motion vs. Phillips Video

- ▶ On January 24, 2020, Nikola posted a separate video on YouTube entitled “Nikola One Helps Phillips Celebrate 90 Years of Innovation.” Both videos were compiled using footage filmed by Phillips.



10. Nikola One In Motion Video

Interviews



Vince Caramella
*Global Head,
Marketing*

The video is misleading because it leads the viewer to believe the truck is operating under its own power.



Stasy Pasterick
*VP,
Corporate Controller*

Tony Epperson told Pasterick that the video did not originally show the vehicle moving at all. However, the plan was changed because **Trevor Milton really wanted to show the truck in motion**. Epperson also told Pasterick that there had been internal discussions regarding whether it should be clearly stated when posting the video that the truck was not moving under its own propulsion.



Tony Epperson
Sr. Manager, FP&A

Regarding whether Trevor Milton made the decision to show the truck in motion, Epperson said that **"Trevor drove all of the decisions"** at the time."



Tony Heaton
Battery Engineer

At the time, a number of employees were **uncomfortable saying the truck was "in motion"** when they knew it was not driving.

10. Nikola One In Motion Video

Interviews



Isaac Sloan
Chief Software Architect

Everyone inside and outside the Company knew the truck was rolled. If the video was released without any caveat indicating that it was not driving on its own, then the video could be classified as misleading. However, other major automotive companies do this in marketing campaigns all the time.



Mark Duchesne
*Global Head,
Manufacturing*

If rolling a truck down a hill is a fabrication, **then every OEM in the world is a liar because they also show early prototype vehicles driving** under similar pretenses as rolling down a hill.



Joe Kiessig
*Director, Corporate
Finance*

The video is not necessarily misleading because **it does show the truck in motion.**



Christian Appel
*Head of Fuel Cell &
Storage Systems*

Bosch understood that the truck was pushed and not driving under its own power.



Mark Russell
CEO

Russell saw the video while he was still at Worthington, and thought it **“smelled funny.”**

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12. Production Timeline

11. Refund of Deposits

Statements

Apr. 4, 2018 | Nikola tweets about refunding customer reservations.



Sept. 10, 2020 | Hindenburg Report suggests that former CFO Jonathan Spira's departure and lawsuit was connected to Nikola's refunding of deposits.

11. Refund of Deposits

Interviews



Britton Worthen
CLO

Former CFO Jonathan Spira left the Company for reasons **unrelated to the refunds**.



Stasy Pasterick
VP, Corporate Controller

Nikola was **not able to access the underlying deposit funds** because they were restricted by its merchant account provider (ProPay), and therefore Nikola had no use for them.



Stasy Pasterick
VP, Corporate Controller



Joseph Kiessig
Director, Corporate Finance

Nikola had to pay **fees** to ProPay to hold the deposits.



Joseph Kiessig
Director, Corporate Finance

Nikola planned to pursue a dedicated route model that **prioritized large volume corporate customers**, so there was little benefit to the reservation system.

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11. Refund of Deposits

12. Production Timeline

12. Production Timeline

Statements

Jul. 17, 2020 | On a podcast, Trevor Milton discusses the Nikola Tre: “We have the most advanced battery electric truck in the world. We have a truck coming into production right now with 720 kwh the largest battery we know of on a truck anywhere in the world coming into production. **We have five of them coming off the assembly line right now in Ulm, Germany.** They’ll enter production end of next year-ish, somewhere around there.”

Interviews



Umran Ashraf
Global Head, Vehicle Engineering

Characterization of the trucks as fully built was inaccurate. Nikola was shipping Tre components to Germany for assembly during July 2020. There was no “assembly line” in Ulm; there was a prototype shop.



Tony Epperson
Sr. Manager, FP&A

This was a “**poor choice of words.**” Five prototype trucks were and are still being built in an IVECO prototype shop.



Vince Caramella
Global Head of Marketing

This statement was premature. The trucks were being built at this time, but **none had been completed.**

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Overview

- ▶ We evaluated eight categories of statements identified by EY in the Company's S-4 (and amendments thereto).

#	Category	Statement
1	FCEV Reservations	Nikola has 14,000 reservations for Nikola Two FCEV trucks.
2	Third-Party Contracts	Nikola has contracts with certain industry partners, as well as a contract to lease trucks to Anheuser-Busch LLC.
3	Hydrogen Stations and Cost	Nikola plans to rollout hydrogen stations in California in 2022-2023. Each station is expected to cost \$15 – \$20 million.
4	Production Timing	Nikola Tre BEV sales are expected to begin in 2021 and sales of the Tre FCEV are expected to start in 2023.
5	Vehicle Range	The range of the BEV and FCEV will be up to 400 – 700 miles.
6	Batteries	The battery packs in Nikola's trucks will use lithium-ion cells.
7	Beer Delivery Event	A Nikola Two prototype delivered approximately 15,000 pounds of Bud Light. With the trailer, the total load was 27,000 pounds.
8	Patents	Nikola describes its U.S. and foreign patent and trademark portfolio, including applications.

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1. FCEV Reservations

- 2. Third-Party Contracts
- 3. Hydrogen Stations and Cost
- 4. Production Timing
- 5. Vehicle Range
- 6. Batteries
- 7. Beer Delivery Event
- 8. Patents

1. FCEV Reservations

Statements

**Form S-4
(Mar. 13, 2020)** “At times we have indicated that if we are able to sell or lease every truck which has been reserved, we would have sales of \$10 billion in projected revenues.”

**Amendment No.
1 to Form S-4
(Apr. 15, 2020)** Statements regarding reservations.

As of December 31, 2019, we had reservations for 14,000 Nikola Two FCEV trucks, all of which are subject to cancellation by the customer until the customer enters into a lease agreement. At times

Nikola’s current fuel cell electric vehicle reservations, currently representing over \$10 billion in potential orders, evidence how strongly the market is seeking Nikola’s solution.

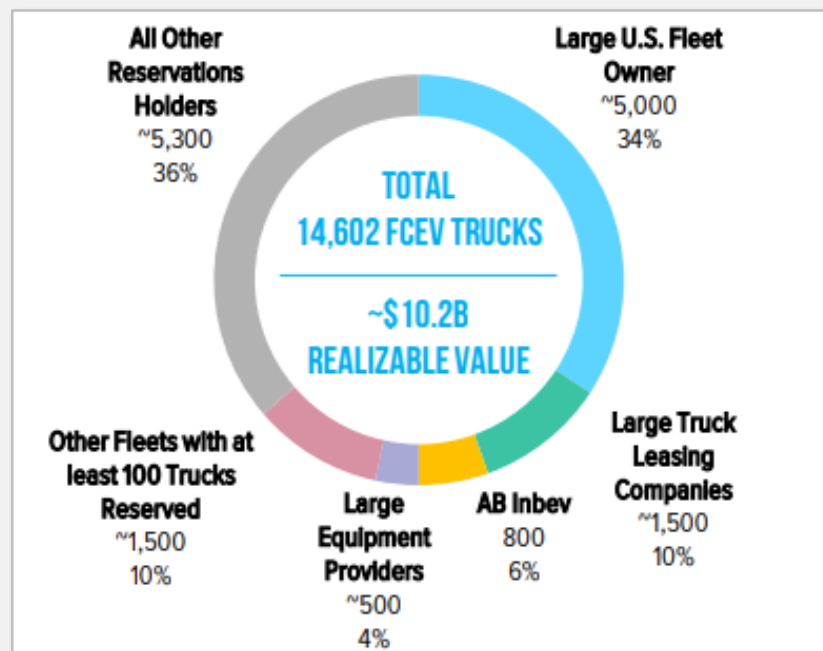
The current backlog of over 14,000 FCEVs non-binding reservations represents more than two years of production and over \$10 billion of potential revenue. The FCEV reservation book was frozen in the fall of 2019 in order for Nikola to focus on negotiating with strategic fleet partners for launch. Nikola does not hold deposits related to the FCEV orderbook. Nikola believes a significant portion of the existing backlog will be converted to binding orders, once we have fixed production dates for FCEV trucks as the majority of order book represents large corporate customers with over 100 or more trucks reserved. Additionally, Nikola will likely require a significant deposit to secure final orders at least six months prior to delivery.

As of December 31, 2019, we had approximately 14,000 reservations for our FCEV trucks.

1. FCEV Reservations

Statements

March 3, 2020 | Nikola Investor Presentation includes reservation data.



- AB Inbev pre-order for 800 trucks represents a binding order
- Majority of FCEV reservations (~50%) reflect large corporate customers with investment grade credit ratings

1. FCEV Reservations

Overview

- ▶ In early 2016, the Company began accepting reservations for the Nikola One.
- ▶ From that time onward, reservations could be made in two ways.

Nikola Website

- ▶ Reservations could be placed via Nikola's website for the One, Two, Tre, Badger, NZT, and Wav.
- ▶ Customers had to accept Terms and Conditions as part of the reservation process.
- ▶ The Terms and Conditions for reserving the One, Two, Tre, Badger, NZT, and Wav specify:
 - *The specific type of vehicle that is being reserved; and*
 - *That the order in which reservations will be fulfilled is up to the Company.*
- ▶ The reservations are stored in a database.

Manual Entry

- ▶ Reservations could be manually entered into the reservation database by a limited group of Nikola employees.
- ▶ Approximately 20 reservations were recorded this way.
- ▶ For seven of these reservations, the Company entered into written contracts with the customers.

1. FCEV Reservations

Cancellable Reservations

- ▶ The Company's registration statement states that all of the reservations are cancellable by the customer.
- ▶ The Nikola reservation website's terms and conditions permit cancellation of reservations.

Terms and Conditions: Nikola One, Two, Tre

While this Reservation secures the approximate delivery priority of your Nikola Two™, it does not constitute the purchase or order of a vehicle. When the start of production for your Reservation nears, we will ask you to configure your Nikola Two™. At that time, Nikola™ will create an order for your vehicle and you will receive a Purchase Agreement indicating the purchase price of the vehicle, plus estimates of any applicable taxes, duties, transport and delivery charges, and any other applicable fees. If you decide not to go through with your order at that time, your priority position and any benefits that come from that position will be forfeited.

Terms and Conditions: Nikola Badger, NZT, Wav

3.1 Your Reservation Payment is fully refundable should you choose to cancel your Reservation. You are under no obligation to purchase the Nikola Badger\ from Nikola, and Nikola is under no obligation to supply you with a vehicle. Nikola reserves the right to cancel your Reservation and refund your Reservation Payment at any time.

1. FCEV Reservations

Cancellable Reservations

- ▶ The Company's written contracts permit cancellation of reservations.
 - Exception: The AB InBev contract permits termination under certain conditions.

2. When the start of production for the Trucks approaches, Lessor will contact Lessee so that Lessee may specify the configuration (color, options, wheelbase, cab type, etc.) for its Trucks. At that time, Lessor will deliver to Lessee a Lease Agreement which will indicate the lease price of the Trucks ordered pursuant to Lessee's specifically chosen configuration and options, plus estimates of any applicable taxes, duties, transport and delivery charges, and any other applicable fees (the "Truck Price"). If Lessee decides to proceed with its order, Lessor will apply Lessee's Lease Order Payment towards the Truck Price owed by Lessee.
3. If Lessee decides not to go through with its Lease Order prior to making the 50% Truck Price, Lessee is entitled to a 100% refund of all money paid toward the Trucks. However, once Lessee's money is returned, Lessee acknowledges that its priority position and any benefits that come from that position will be forfeited.

1. FCEV Reservations

Number of Reservations

- ▶ The Company's registration statement states that Nikola has a "backlog" of over 14,000 reservations.
- ▶ The reservation book shows 14,602 reservations that correspond to the following categories. This matches the breakdown of reservations in Nikola's investor presentations.

Classification	Trucks Reserved	% of Reservations
Large US Fleet Owner	5,000	34%
Large Truck Leasing Company	1,500	10%
AB InBev	800	5%
Large Equipment Provider	500	3%
Other Fleets with at least 100 Trucks Reserved	1,500	10%
All Other Reservation Holders	5,302	36%
Total	14,602	100%

1. FCEV Reservations

Reservation-Related Revenue

- ▶ The Company's registration statement states that the backlog of reservations represents \$10 billion in projected revenue.
 - In the April 2020 amendment to the registration statement, the Company stated that the backlog represents over \$10 billion of potential revenue.
- ▶ The reservation book estimates that 14,602 reservations could result in approximately \$9.9 billion of revenue.

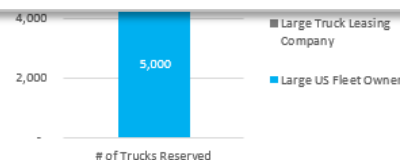
TRUCK RESERVATIONS - REVENUE POTENTIAL

Model	Reservations	\$ / Mile	Miles per Reservation	\$ if Actualized
Nikola Truck	13,802	\$0.95	700,000	\$9,178,330,000
AB inBev Contract	800	\$0.85 (1)	1,000,000	\$680,000,000
Total Nikola Truck Reservations	14,602	\$0.94	1,000,000	\$9,858,330,000 (2)

Model	Reservations	\$ / Mile	Miles per Reservation	\$ if Actualized
Nikola Truck	13,802	\$0.95	700,000	\$9,178,330,000
AB inBev Contract	800	\$0.85 (1)	1,000,000	\$680,000,000
Total Nikola Truck Reservations	14,602	\$0.94	1,000,000	\$9,858,330,000 (2)

(1) Does not include fuel surcharge (for every \$0.065 the national avg. of diesel exceeds \$2.90/gal Nikola has the right to charge an additional \$0.01/mile)

(2) Does not include any surcharge for miles driven autonomously



1. FCEV Reservations

Large Corporate Customers with 100 or More Trucks

- ▶ The Company's registration statement states that the majority of the reservation book represents large corporate customers with 100 or more trucks reserved.
- ▶ The reservation book shows a majority (57.6%) of reservations as received from large corporate customers for over 100 trucks.

Customer Name	Trucks Reserved	% of Reservations
US Xpress	5,001	34.2%
Ryder	1,500	10.3%
AB InBev	800	5.5%
Thompson Truck Center, LLC	500	3.4%
Helios Air	200	1.4%
Tajja Trucking	102	0.7%
Total Transportation Services, Inc.	101	0.7%
Paul Terry Trucking	100	0.7%
Southeast Management Group, Inc.	100	0.7%
Total	8,404	57.6%

1. FCEV Reservations

Large Corporate Customers with Investment Grade Credit Ratings

- ▶ Nikola investor presentations state that the majority of the reservations reflect large corporate customers with “investment grade credit ratings.”
- ▶ Company personnel noted that this statement was only meant to apply to the three largest customers: US Xpress, Ryder, and AB InBev.

Classification	Credit Rating	Top 3 Largest Customers
US Xpress	No ratings since 2016; rated B2 in 2016 (not investment grade)	
Ryder	Baa2 (Moody's 6/30/2020)	
AB InBev	Baa1 (Moody's 3/2020)	Baa1 and Baa2 are investment grade ratings
Thompson Truck Center, LLC	Private company	
Helios Air	Not found	
Tajja Trucking	Not found	
Total Transportation Services, Inc.	Private company	
Paul Terry Trucking	Private company	
Southeast Management Group, Inc.	Not found	

1. FCEV Reservations

Conversion of Backlog

- ▶ The Company's registration statement states that a significant portion of the existing backlog will be converted to binding orders.
- ▶ Company personnel report that this statement is based on the Company's frequent communications with its large corporate customers, which represent a majority of the reservations.
- ▶ The Company has contracts with the following large corporate customers:
 - US Xpress (5,000 trucks),
 - Ryder (1,500 trucks),
 - Anheuser-Busch (AB InBev) (800 trucks), and
 - Thompson Truck Center (500 trucks).

1. FCEV Reservations

Integrity of the Reservation Book

Customer	No. Trucks	Description
<i>Large Corporate Customers</i>		
Helios Air	200	Unclear if company exists
Tajja Trucking	102	Unclear if company exists
Southeast Management Group, Inc.	100	Unclear if company exists
Paul Terry Trucking	100	Projected 2020 revenue \$7.29 million
<i>Employees</i>		
Isaac Sloan	17	Chief Software Architect
Jordan Rich	11	Art Director
Brad Hintze	5	Lead Software Engineer
<i>Local Companies</i>		
JT Forestry Commerce	2	Forestry and logging company in Pennsylvania with a predominantly Amish harvesting crew

1. FCEV Reservations

Integrity of the Reservation book

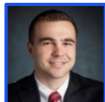
Interviews



Kim Brady
CFO

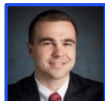


Tony Epperson
Sr. Manager FP&A



Joseph Kiessig
Director, Corporate Finance

- ▶ Nikola conducted a “**data cleansing**” of its reservation list to remove reservations entered on the website that were **bogus on their face**. The **14,602 figure excludes the reservations deemed bogus**.
- ▶ However, there were **no attempts to contact each reservation-holder** to determine the legitimacy of individual reservations.



Joseph Kiessig
Director, Corporate Finance

Nikola has contracts with **five customers**. No other documentation exists.



Tony Epperson
Sr. Manager FP&A

- ▶ **Large corporate orders are generally based on Trevor Milton’s personal relationships** with individuals at those companies.
- ▶ It is **doubtful** that US Xpress (over 35% of reservation book) planned to buy 5,000 FCEV trucks as a **bulk order**; Epperson was unsure how delivery would work.
- ▶ The finance team identified “large corporate customers” **based on “eyeballing” the customer names**.



Mark Russell
CEO

If U.S. Xpress is “junk,” then the investor presentation statement regarding customers with investment-grade credit ratings is **problematic**.

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2. Third-Party Contracts

Statements

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“On February 22, 2018, Nikola entered into the Master Agreement—Tractors with **AB** (the “Master Agreement”) whereby AB agreed to lease from Nikola hydrogen fueled tractors and related equipment to be used by AB for transportation and related services at certain AB locations.”

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“On March 2, 2020, Nikola entered into a Commercial Letter Agreement with **Nimbus**, whereby Nikola agreed to use Nimbus’ affiliates’ autonomous driving components on Nikola’s autonomy equipped trucks, subject to certain conditions, negotiate inverter development, fuel cell power module development and part supply with Nimbus, and obligate Nikola to receive services resulting in a minimum payment to Nimbus and its affiliates. Nimbus also agreed to terminate the Nimbus Redemption Letter Agreement as of the Effective Time of the Merger. Nikola believes the terms of this agreement are generally no less favorable to Nikola than those that could be obtained in similar transactions with unaffiliated third parties.”

2. Third-Party Contracts

Statements

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“While we currently have a contract with **Anheuser-Busch LLC** (“AB”), to lease up to 800 Nikola Two FCEV trucks, if we are unable to deliver our trucks according to the vehicle specifications and delivery timelines set forth in the contract, AB has the right to cancel its order for trucks.”

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“**EDAG** is a global engineering service provider to the commercial vehicle industry. EDAG provides Nikola cab and chassis engineering services.”

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“**WABCO** is a leading global supplier of braking control components and air management systems to medium- and heavy-duty trucks. WABCO provides Nikola with industry-leading safety technologies including electronic braking systems, as well as traction and stability control technologies.”

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“**Meritor** is a leading global supplier of suspension and related components for heavy-duty trucks. Meritor provides Nikola with industry leading suspension technologies.”

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“**Mahle** is a leading global supplier of thermal management systems for heavy-duty trucks. Mahle provides Nikola with industry leading thermal management system technologies.”

2. Third-Party Contracts

- The Company has signed contracts with all six of the parties EY identified in the registration statement.

Party	Description in Registration Statement	Status
Anheuser-Busch	Lease up to 800 trucks from Nikola	Contract allows for lease of up to 800 trucks
EDAG	Provide cab and chassis engineering services to Nikola	<p>► Nikola stopped using EDAG for semi-trucks after Iveco deal</p> <p>► Until October 2020 Nikola had continued to use EDAG for work on the NZT</p>
WABCO	Provide safety technologies, including electronic braking systems, to Nikola	Nikola is still using WABCO for braking systems
Meritor	Provide Nikola with suspension and related components for heavy-duty trucks	Nikola has used Meritor in the past but has not sourced any products from Meritor for about 18 months
Mahle	Provide Nikola with thermal management systems for heavy-duty trucks	Nikola is still using Mahle for thermal systems
Nimbus Holdings	Provide Nikola with autonomous driving components	Nikola is not currently developing an autonomous vehicle

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3. Hydrogen Stations and Cost

Statements

Form S-4
(Mar. 13, 2020)

“Through 2024 we expect to incur up to **\$1.0 billion in capex** related to hydrogen stations. Hydrogen station construction is expected to begin in 2021. Each station is expected to take 1.5 to 2 years to complete, and the average total cost per station to be \$15 to \$20 million, depending on station location.”

Form S-4
(Mar. 13, 2020)

“Our initial **plan for the station rollout** begins with an eight-ton pilot station accessible to the AB brewery in Van Nuys, California. From there, we then plan to build up to 10-12 additional stations in California. These stations will supply fuel for our launch customers in those geographies that have dedicated routes in California. California is offering incentives to build out our hydrogen fueling infrastructure and deploy zero-emissions vehicles, including opportunities for funding along major freeway corridors. We expect to rollout these stations in 2022-2023.”

Form S-4
(Mar. 13, 2020)

“Construction of an **8-ton pilot station** accessible to AB’s brewery in Van Nuys, California is **expected to begin** in the fourth quarter of 2020 and be completed by the fourth quarter of 2022.”

Amendment No. 1 to
Form S-4
(Apr. 15, 2020)

“We **intend to produce the hydrogen needed** for these stations on site through electrolysis.”

3. Hydrogen Stations and Cost

Interviews

- ▶ The CAPEX numbers quoted in the March 13, 2020 Form S-4 were ambitious but generally accurate, forward-looking estimates at the time they were made.
- ▶ At present, Nikola is revisiting its hydrogen production and distribution model, making it difficult to estimate CAPEX on any hydrogen infrastructure build-out.



Joseph Kiessig

*Director, Corporate
Finance*

The CAPEX numbers were “**accurate and vetted.**” The numbers came from cost projections in Nikola’s financial model.



Pablo Koziner

*President
Nikola Energy*

We “**still don’t know**” what it will cost to build a hydrogen station.

- ▶ There will be a “**big variation**” in costs, depending on the type of stations built and the locations of the stations.
- ▶ Nikola “needed a lot more structure, analysis, and information on cost.” Why build an 8,000 kg station when you only have a few trucks?

We have not purchased or leased specific plots of land and obtained permits to build stations.

- ▶ The only thing we have determined is that our first station will be a dispensing-only station.

3. Hydrogen Stations and Cost

Interviews



Dale Prows

*Global Head,
Infrastructure
Development*

Although it will be difficult to build the first few stations for less than \$30 million, **there is a path** for getting CAPEX down to \$16.5 million per 8-ton station at scale.



Nha Nguyen

Head of Safety

The statement on the proposed Van Nuys station “**was accurate at the time it was made.**”



Tony Epperson

Sr. Manager, FP&A

Construction on the first hydrogen station **has not yet started**; they have not even determined whether the station will be in Van Nuys or somewhere along I-10.

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- ▶ **Review of Registration Statement**
- ▶ Trevor Milton's Character
- ▶ Integrity of Current Leadership
- ▶ Next Steps

1. FCEV Reservations
2. Third-Party Contracts
3. Hydrogen Stations and Cost
- 4. Production Timing**
5. Vehicle Range
6. Batteries
7. Beer Delivery Event
8. Patents

4. Production Timing

Statements

Form S-4
(Mar. 13, 2020) “Sales of the Nikola Tre BEV are expected to begin in 2021, addressing the near-term market opportunity, while sales for the European Nikola Tre FCEV is expected to start in 2023.”

Form S-4
(Mar. 13, 2020) “The Nikola Two will be marketed in the North American market, with initial production expected in the first quarter of 2023.”

Interviews



Kim Brady
CFO

This was **accurate when written**; COVID has caused delays. Nikola will likely be able to deliver the Tre BEV in Q4 2021. No longer confident that Nikola will get the Tre FCEV out in 2023.



Christian Appel
Head of Fuel Cell & Storage
Systems

Confident that the **Tre BEV can be released by the 2023 target and is on track to do so.**



Tony Epperson
Sr. Manager, FP&A

Tre BEV sales are expected to begin in **2021** and Tre FCEV sales are expected to begin in **2023**.



Mark Duchesne
Global Head, Manufacturing

The plan is to start building Tre BEV trucks in mid-2021 and to deliver them to customers by the end of 2021. **There is no reason to believe the 2023 date will not hold.**

4. Production Timing

Interviews



Jason Roycht
*VP, Technology
Development and
Strategy*

In March 2020, the timing was **optimistic or not possible**.

At this time, it is likely not possible to have the Nikola Two produced in North America at this time. The Company does not have the resources to build vehicles with two different chassis at the same time.



Tony Epperson
Sr. Manager, FP&A

This was the plan for the Nikola Two at the time of filing, but COVID may have since impacted the timeline.



Mark Duchesne
*Global Head,
Manufacturing*

The target for producing the Nikola Two is **now 2024 or 2025**.



Paul Maack
*Head of Talent
Acquisition*

Mark Russell **very recently changed** this plan. The production timeline is still 2023, but the fuel cell truck we intend to market in North America is now the Nikola Tre, not the Nikola Two.

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5. Vehicle Range

Statements

Form S-4
(Mar. 13, 2020)

Risk Factors

“We anticipate the range of our BEV and FCEV vehicles to be up to 400 to 700 miles before needing to refuel, but that range will decline over time as the battery deteriorates. We currently expect a 3-4% decline in the battery life per year, which will decrease the range of our trucks over 5 years by approximately 20%.”

Amendment No. 1 to
Form S-4
(Apr. 15, 2020)

Risk Factors

“We anticipate the range of our BEV and FCEV vehicles to be up to 400 to 700 miles before needing to refuel, but that range will decline over time as the battery deteriorates.”

Form S-4
(Mar. 13, 2020)

Company Outlook

Amendment No. 1 to
Form S-4
(Apr. 15, 2020)

- ▶ “Nikola’s BEV has an estimated range of 250-300 miles and is designed to address the short-haul market.”
- ▶ “Nikola’s FCEVs have an estimated range of 400-700 miles, designed to address the medium and long-haul market.”

5. Vehicle Range

Interviews



Kim Brady
CFO

This **statement is accurate for the FCEV but not the BEV**. This mistake resulted from **poor drafting** rather than an intentional error.



Jason Roycht
*VP, Technology
Development and
Strategy*

The BEV has a range of roughly **300 miles** and the FCEV has a range of roughly **600 miles**. These ranges depend on many assumptions, such as whether the truck carries light or heavy loads.



Mark Duchesne
*Global Head,
Manufacturing*

BEV range is expected to be around **300 miles**. Tre FCEV range is expected to be around 500 miles. The Nikola Two range may be 800 to 1000.

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6. Batteries

Statements

**Amendment No. 1 to
Form S-4** “The battery packs within our trucks will make use of lithium-ion cells.”
(Apr. 15, 2020)

Interviews



Jason Roycht
*VP, Technology Development and
Strategy*

This is **correct**.



Morgan Mackelprang
Hardware Lead Developer

From my understanding, **this is the current path**.



Alain Hadorn
*Sr. Director, Program Management
& Quality*

Correct.



Mark Duchesne
Global Head, Manufacturing

We are planning to use **lithium-ion batteries** for the trucks.

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7. Beer Delivery Event

Statements

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“In November 2019, Nikola completed AB’s first ever zero-emissions beer-run. The Nikola Two prototype FCEV delivered six pallets of Bud Light weighing approximately 15,000 pounds. The total load hauled, including the trailer, was approximately 27,000 pounds. The delivery was made on city streets and was a true commercial order where the beer was delivered to one of AB’s distributors. AB’s distributor then delivered the beer to the St. Louis Blues arena for consumption at that night’s game.”

Interviews



Kim Brady
CFO

This is factually **accurate**.



Jason Roycht
*VP, Technology Development
and Strategy*

This sounds fairly **accurate**.



Elizabeth Fretheim
*Global Head, Business
Development*

This is **accurate**.

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8. Patents

Statements

**Amendment No. 1 to
Form S-4
(Apr. 15, 2020)**

“As of March 1, 2020, Nikola owns or co-owns 11 issued U.S. patents, 5 issued foreign patents and has 55 pending or allowed patent applications. In addition, Nikola has 32 pending U.S. trademark applications and 32 pending foreign trademark applications. Nikola’s patents and patent applications are directed to, among other things, vehicle and vehicle powertrain (including battery and fuel cell technology), hydrogen fueling, off-road vehicle, and personal watercraft technologies.”

8. Patents

Review


- ▶ Nikola accurately disclosed the total number of U.S. and foreign patents.
- ▶ Nikola has one more pending patent application than disclosed (56, not 55).
- ▶ Nikola accurately disclosed the total number of U.S. and foreign trademark applications. However, the breakdown of these U.S. and foreign trademarks was listed incorrectly.
 - As of March 1, 2020, there were 41 (rather than 32) pending U.S. trademark applications.
 - There were 23 (rather than 32) pending foreign trademark applications.

S-4 Statement	Actual Numbers as of March 1, 2020
11 Issued U.S. Patents	Confirmed
5 Issued Foreign Patents	Confirmed
55 Pending or Allowed Patent Applications	56 Pending or Allowed Patent Applications
32 Pending U.S. Trademark Applications	41 Pending U.S. Trademark Applications
32 Pending Foreign Trademark Applications	23 Pending Foreign Trademark Applications

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- ▶ Integrity of Current Leadership
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Trevor Milton's Character



Trevor Milton
@nikolatrevor

Founder, Executive Chairman of @nikolamotor Nasdaq traded: NKLA. It's our duty to leave the world a better place and inspire people. Instagram: lakepowelltrevor

📍 Phoenix, AZ

🔗 [nikolamotor.com](https://www.nikolamotor.com)

📅 Joined February 2014

#249 Trevor Milton



PHOTO BY TIM PANNELL

REAL TIME NET WORTH

\$1.9B as of 10/31/20

▼ \$136 M | 6.82%

Reflects change since 5 PM ET of prior trading day

ON FORBES LISTS

#249 **Forbes 400 2020**

#1851 **Billionaires 2020**

STATS

AGE **38**

SOURCE OF WEALTH **electric vehicles, Self Made**

SELF-MADE SCORE **9**

PHILANTHROPY SCORE **1**

Trevor Milton's Character

- ▶ Visionary Struggling with Execution
- ▶ Manic Behavior
- ▶ Desire for Control and Difficulty Tolerating Challengers
- ▶ Desire to Lead a Billionaire Lifestyle
- ▶ Trading Stock for Assets
- ▶ Focus on Stock Price
- ▶ Preoccupation with Social Media
- ▶ Distorted Perception of the Truth

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Management Team

- ▶ The Company is in the hands of a strong, well-credentialed management team.



Mark Russell
CEO

Russell has over 20 years of experience in the industry, including executive experience at Worthington, Alcoa, and other companies.



Kim Brady
CFO

Brady has over 20 years of experience in various finance-related roles, including serving as CFO of a division of PrimeCare.



Britton Worthen
CLO

Worthen has been practicing for 20 years, with extensive experience advising on corporate governance, litigation, and other matters.

- ▶ The Company also has numerous senior technical and engineering leads with deep experience in the automotive industry and other related trades.
- ▶ Nikola's leads in corporate and other business support functions likewise have extensive experience, including in government agencies and at blue-chip companies.

Board

- ▶ The Company is also in the hands of an experienced Board. For example:



Steve Girsky
Chair of the Board

Girsky has over 30 years of experience with corporate executives, OEM leaders, and others. Girsky served on GM's Board for seven years.



Steve Shindler
*Chair of the Audit
Committee*

Shindler has substantial executive and financial experience, including 15 years as CEO of a Nextel affiliate. He is also the CFO of VectoIQ.



Bruce Smith
*Newest Board
Member*

Smith has 30 years of leadership experience in manufacturing operations, and extensive experience in the automotive sector, including as the current Chair and CEO of Detroit Manufacturing Systems.

- ▶ The Company's remaining six Board members are leaders in a variety of industries related to Nikola's core business, including key automotive suppliers, energy companies, automotive OEMs, and manufacturing.

Employees

- ▶ The Hindenburg Report raised concerns regarding the qualifications of certain individuals:
 - **Dale Prows (Global Head, Infrastructure Development).** While the Report correctly notes that, prior to joining Nikola, Prows was the CEO of a residential golf course: (1) he has many years of supply chain experience, (2) we found him to be capable and well-regarded, and (3) he has assembled a qualified team (including individuals with PhDs) to provided technical expertise.
 - **Kevin Lynk (Chief Engineer).** The Report correctly noted that Lynk's prior experience included repairing pinball machines. However, Lynk was the fourth employee to join Nikola—he had engineering experience, and has proven himself to be a capable engineer and has learned quickly. Nonetheless, as the Company has grown, he is no longer suitable as a chief engineer and is being transitioned to a more limited role.

Employees

- ▶ In addition to Prows and Lynk, the Hindenburg Report criticized Nikola for employing Trevor Milton's brother, Travis, ostensibly to assist in "hydrogen production" and "infrastructure," per his LinkedIn title. The Hindenburg Report correctly notes that Travis has a construction/renovation background.
 - However, Travis has not been actively involved with the Company in recent months and has been **formally terminated** by Nikola, effective November 6, 2020.

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Next Steps

- ▶ Phase II of our investigation will focus on follow up from Phase I and other relevant issues identified in the course of our review.
- ▶ We will continue to make rolling document productions to the SEC and SDNY.

